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BEFORE THE ARIZONA CORPORATION COMMISSION

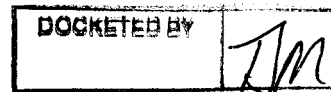
COMMISSIONERS

GARY PIERCE, CHAIRMAN
PAUL NEWMAN
SANDRA D. KENNEDY
BOB STUMP
BRENDA BURNS

Arizona Corporation Commission

DOCKETED

JUL 11 2012



**IN THE MATTER OF THE
APPLICATION OF CLEAR SPRINGS
UTILITY CO., INC., FOR AN
INCREASE IN RATES**

Docket Nos. W-01689A-11-0401
W-01689A-11-0402

**FILING OF REBUTTAL
TESTIMONY**

and

**IN THE MATTER OF THE
APPLICATION OF CLEAR SPRINGS
UTILITY CO., INC., FOR AUTHORITY
TO INCUR LONG-TERM DEBT**

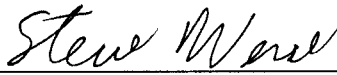
Clear Springs Utility Co., Inc. ("Company"), hereby files rebuttal testimony of the
following witnesses:

- Sonn Rowell (Attachment 1);
- Bonnie O'Connor (Attachment 2); and

- Keith Dojaquez (Attachment 3).

Dated this 11th day of July, 2012.


MOYES SELLERS & HENDRICKS LTD.



Steve Wene

Original and 13 copies of the foregoing
filed this 11th day of July, 2012 with:

Docket Control
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007



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2

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10 **IN THE MATTER OF THE**

11 **APPLICATION OF CLEAR SPRINGS**

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13 **INCREASE IN RATES**

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REBUTTAL TESTIMONY OF
 SONN ROWELL

19 **Q Please state your name and current employment position:**

20 **A My name is Sonn S. Rowell, and I am a Certified Public Accountant and**

21 Regulatory Consultant. I am also a managing member of Desert Mountain Analytical

22 Services, PLLC ("DMAS").

23

24 **Q Describe your educational and professional background:**

25 **A I hold a Bachelor of Science Degree in Accounting from Arizona State University,**

26 as well as my CPA certification from the Arizona State Board of Accountancy. I have

27 worked for many years in the practice of small business public accounting and regulatory

28

1 consulting, and have held part-time accountancy teaching positions at Mesa Community
2 College. After employment with the Accounting and Rates Section of the Utilities
3 Division at the Arizona Corporation Commission (“Commission”) for four years, I
4 formed DMAS and now specialize primarily in regulatory accounting and consulting.
5

6 **Q By whom are you employed and in what capacity?**

7
8 **A** I have been retained by the management and ownership of Clear Springs Utility
9 Co., Inc., (“Clear Springs” or “Company”) to help prepare and defend a rate application
10 submittal to the Commission and prepared the rebuttal schedules enclosed herein, which I
11 adopt as part of my testimony.
12

13 **Q What is the purpose of your rebuttal testimony?**

14 **A** The purpose of my rebuttal testimony is to respond to Commission Staff’s
15 testimony relating to the development of Clear Springs’ gross revenue requirement,
16 taking into account rate base, adjusted operating income, working capital requirements,
17 current rate of return, required operating income, required rate of return for the historic
18 twelve month period, and other relevant factors in support of the rate application.
19
20

21 **Water Division**

22 **Q Summarize the changes made to plant in service for the water division as**
23 **reflected in total on Rebuttal Schedule B-2 and detailed on Rebuttal Schedule E-5W.**
24

25 **A** Account 311 – Electric Pumping Equipment was increased by \$11,849 that
26 corresponds with an adjustment made by Staff for a pump that was installed post test year
27 at Well Site 5 (Adjustment 2). Plant in service increased from \$1,102,086 in the original
28 filing to \$1,113,935 in this rebuttal. In addition, Accumulated Depreciation was

1 increased by \$741 for depreciation expense related to this addition (Adjustment 3 is now
2 \$99,678 + \$741, or \$100,419).
3

4 **Q Does the Company agree with Staff adjustment of \$34,151 for plant they say**
5 **is “not used and useful” and make a corresponding adjustment as well?**

6 **A** No, Clear Springs does not agree with Staff and an adjustment to the water plant in
7 service and the associated accumulated depreciation has not been made. The testimony
8 of Keith Dojaquez will address the status of these plant assets in his rebuttal testimony.
9

10 **Q Summarize the changes made to rate base for the water division.**

11 **A** In its original filing, the Company did not make adjustments to AIAC, CIAC, or
12 Amortization of CIAC. In Staff's Third Set of Data Requests, JMM 3-45a through JMM
13 3-45d requested detailed information regarding yearly changes to CIAC and the related
14 CIAC amortization. JMM 3-46a through JMM 3-46d requested detailed information
15 regarding yearly additions and repayments in the AIAC account. During the process of
16 answering these eight questions, it was discovered that several expired line extension
17 agreements had not been transferred to CIAC to begin amortization of the balance. As a
18 result of JMM 3-45b, it was determined that the balance at the end of the 2010 test year
19 for CIAC was \$289,888. Adjustment 6 on Rebuttal Schedule B-2 is an increase to CIAC
20 of \$50,145 to arrive at the amount determined for the data response.
21

22 **Q Did you use the response to JMM 3-45c to make Adjustment 7 on Rebuttal**
23 **Schedule B-2?**
24

25 **A** No. In response to JMM 3-45c, the Company proposed the amount of CIAC
26 amortization was \$238,365 based on an amortization rate of 10%. Based on the
27
28

1 calculations the Company did on Rebuttal Schedule B-2b, it appears that a composite rate
2 of 3.03% is more appropriate. This percentage represents a weighted average of the plant
3 asset accounts that assets constructed with AIAC funds were recorded to, and are now
4 depreciated as part of. Based on the revised CIAC amortization rate, the CIAC
5 amortization balance at the end of the test year should be \$230,534.
6

7
8 **Q Did the Company make an adjustment to correct the amortization schedule**
9 **provided in response to JMM 3-45c?**

10 A Yes. CIAC amortization should match the depreciation rate of the assets that were
11 installed with CIAC funds (or AIAC funds converted to CIAC) so the AIAC and CIAC
12 are resolved on the books of the entity when the associated assets are fully depreciated.
13 In other words, one wants to match all the bookkeeping aspects of these assets and the
14 associated funds as much possible.
15

16
17 **Q What would create a mismatch between the bookkeeping aspects of the assets**
18 **and the source of funds?**

19 A During the first 10 years of the life of an asset whose source of funding is AIAC,
20 the assets are being depreciated at a specified rate. In the case of Clear Springs, the
21 depreciation rates for AIAC funded assets is 2.00% and 3.30% for accounts 331 and 333,
22 respectively. Meanwhile, the AIAC balance is reduced each year by a much smaller
23 percentage, many times less than 1% of the balance in the AIAC account. As a result, at
24 the end of the specified repayment period, the net balance of the plant funded by AIAC is
25 usually far less than the remaining AIAC balance after repayments are considered.
26
27
28

1 In the specific case of Clear Springs, AIAC assets were depreciated over a 10-year
2 period at either 2.00% or 3.30%, or a composite rate of 2.33% (per Rebuttal Schedule B-
3 2b). A composite depreciation rate of 2.33% approximates a useful life of 43 years.
4 Since at the time of conversion from AIAC to CIAC, the associated assets have been
5 depreciated for 10 years, the remaining balance transferred to CIAC must be amortized
6 over a 33 year period to as closely match the useful life of the assets. A 33-year
7 amortization period would represent an amortization rate of 3.03%, and that is what the
8 Company proposes for the amortization rate for current and future transfers from AIAC
9 to CIAC.
10
11
12

13 Rebuttal Schedule B-2 reflects Adjustment 7, which increases the actual amount at
14 the end of the test year by \$978 to arrive at the corrected amortization amount of
15 \$230,534, determined by Rebuttal Schedule B-2b.
16

17 **Q. What about AIAC?**

18 **A.** Based on the analysis done to respond to JMM 3-46d, the AIAC balance at the end
19 of the test year was \$71,634. AIAC was decreased by \$50,014 by Adjustment 4 on
20 Rebuttal Schedule B-2 to make this change. Overall, the net effect of Adjustments 4, 6,
21 and 7 to rate base is minimal, and serves mostly to correct AIAC and CIAC balances.
22

23 **Q Did you adopt Staff's adjustment for customer security deposits?**

24 **A** In part. The \$46,540 amount that Staff uses is comprised of three amounts: (1)
25 \$40,253 for meter deposits (AIAC); (2) \$ 6,284 for security deposits; and (3) \$3 for
26 unclaimed security deposits. The Company will adopt the \$40,253 amount related to
27 meter deposits, which are considered AIAC. This change is reflected as Adjustment 5 on
28

1 Rebuttal Schedule B-2. Based upon the Company position that customer security
2 deposits are current liabilities, we have excluded \$6,287 of Staff's adjustment.
3

4 **Q Were there any other changes to rate base made by the Company for the**
5 **water division?**

6 **A** The only other allowance addressed working capital, which is a function of
7 adjustments to the income statement. Adjustment 8 on Rebuttal Schedule B-2 reflects a
8 decrease to Working Capital of \$317 from the original filing.
9

10 **Q Turning to the Income Statement on Rebuttal Schedule C-1W, what changes**
11 **have been made from the original filing?**
12

13 **A** Although it disagrees with Staff's methodology, the Company has adopted Staff's
14 adjustment to water testing as reflected on Schedule JMM-W10, and has also updated
15 depreciation expense based on the proposed CIAC amortization rate discussed
16 previously.
17

18 Rebuttal Schedule C-2Wc reflects the updated plant balances and the
19 corresponding depreciation rates by asset category. Additionally, the total amount fully
20 depreciated in account 334 has been correct to \$66,066, instead of \$78,938 as stated in
21 the original application in footnote 3.
22

23 Depreciation expense on the non-fully depreciated assets calculates to \$30,026
24 annually. This amount is then reduced by CIAC amortization on the amounts that are not
25 already fully amortized, times the CIAC amortization rate determined on Rebuttal
26 Schedule B-2b. This equates to \$63,309 in CIAC times the 3.03% composite rate, which
27
28

1 is \$1,918 per year in CIAC amortization, which results in higher net depreciation expense
2 than Staff is recommending.
3

4 **Q Were any other expense items changed?**

5 **A** Property tax expense and income tax expense have changed slightly due to
6 changes to proposed revenue and expense items. In addition, the Company has updated
7 the amount of interest on the two existing WIFA loans from \$3,376 to \$6,245 based upon
8 amortization schedules for each loan, and it reflected on Rebuttal Schedule C-1 W as
9 Adjustment M.
10

11 **Q Based on Staff's proposed revenue requirement for the water division,**
12 **without consideration for the proposed loan, what is Staff recommending?**
13

14 **A** In reviewing Staff's Direct testimony and schedules, Staff has set a minimal
15 budget for this division. Schedule JMM-W16 details how Staff has based its revenue
16 requirement on a mere \$10,000 of cash flow.
17

18 In the column entitled Without Surcharge, Staff is recommending an Operating
19 Income of \$4,432, which is a 2.05% operating margin. Further, once interest expense on
20 the already approved loans is subtracted from the operating income (\$4,432 less \$5,271),
21 the end result is a net loss of (\$849), not net income of \$9,703. I have attached a correct
22 version for review of JMM-W16 as Rebuttal Schedule SSR-1. \$5,271 is the amount of
23 interest that Staff has calculated on the existing WIFA loans.
24
25

26 **Q So you are saying Staff is recommending a net loss for the water division?**
27
28

1 A Yes. The revenue requirement set forth by Staff is apparently based upon
2 obtaining \$10,000 of cash flow without regard to income, loss, or operating margin,
3
4 under the scenario of the entity not obtaining the new WIFA loan.

5 **Q Does the Company agree with this methodology?**

6 A No. The idea that a small, old water company can survive with only \$10,000 of
7
8 “undesigned cash” per year is absurd. That is only 4.63% of proposed (not guaranteed)
9 revenue, and again, that is not income, it is cash flow. Staff is setting budgets for small
10 water companies that are slowly driving them into financial ruin, with little hope of future
11 recovery after a certain point. How Staff and this Commission can recommend a revenue
12 requirement that results in a net loss is unconscionable and contrary to the duty of
13 establishing “fair and just rates” for both the regulated companies as well as its
14 customers.
15
16

17 It is important to note that Staff is able to only make minor adjustments to plant
18 and expense items. An audit of that magnitude with few changes would indicate that
19 Staff has determined the items recorded in the books are legitimate and prudent. It also
20 speaks volumes about the operational and administrative functions of this utility to be
21 able to withstand such invasive and complete investigation without there being many
22 issues of concern to Staff.
23
24

25 Further, most small water company owners do not take money out of the utility,
26 but in fact constantly subsidize it when problems occur. The answer to this constant
27 subsidization cycle from Staff is to “come in for a rate case”, but as we can see from this
28 case, many times it will not solve the problem. As this pattern continues, when there is a

1 major problem with the system and the Company does not have the funds to make
2 repairs, it is the customers that suffer the most.

3
4 **Q Please discuss the Company recommended revenue and rate design, without**
5 **consideration of the potential additional WIFA loan.**

6 **A** As a compromise, the Company has amended its revenue requirement. However,
7 we continue to disagree on how to determine the revenue requirement, and what is
8 considered to be enough extra income, margin, or cash flow to enable a small water
9 company to pay its costs and provide safe and reliable water service.

10
11 The Company proposes total revenue for the water division of \$252,582, which
12 results in \$25,788 of operating income. Please refer to Rebuttal Schedule SSR-2 for
13 detail under this scenario. Beginning on line 38 are several relevant percentages related
14 to this proposed revenue. Although the rate of return on rate base amount is high, this is
15 to be expected for a company that has very little rate base due to high AIAC and CIAC
16 balance from years past. The more important numbers are the next three, the percentage
17 of operating margin, net income to revenue, and cash flow to revenue. They all are well
18 under 20% and not a one of them is unreasonable when considering the obligations of the
19 utility.

20
21 **Q How does the Company recommended rate design to meet this revenue**
22 **requirement impact the average and median residential customers using 5,150 and**
23 **3,318 gallons respectively per month?**

24
25 **A** The average user of 5,150 gallons of water per month would see their bill increase
26 from \$19.59 per month to \$27.63. This equates to \$8.05 per month. The median user of
27
28

1 3,318 would experience an increase from \$15.46 per month to \$20.49. This equates to
2 \$5.03 per month.
3

4 **Q Is the Company requesting a surcharge for the existing WIFA loans?**

5 A No. The revenue requirement of \$252,582 for the water division and the related
6 rates proposed by the Company consider the payments for the two existing WIFA loans.
7
8 The proposed WIFA loan will be the only item collected under the surcharge.

9 **Sewer Division**

10 **Q Please summarize the changes made to plant in service for the sewer division**
11 **as reflected in total on Rebuttal Schedule B-2.**
12

13 A The Company has adopted Staff's adjustments to plant in service as reflected on
14 Schedule JMM-WW4, and has updated plant and accumulated depreciation schedules as
15 a result. These changes are reflected on Rebuttal Schedule B-2 as Adjustments 9 and 10.
16

17 Adjustment 9 reduces plant in service for the sewer division by \$495. Within this
18 adjustment is reclassification of \$51,208 from Power Generation Equipment to Pumping
19 Equipment. The net effect of this reclassification to past accumulated depreciation was
20 zero since the sewer division still uses the 5% depreciation rate for all asset categories.
21

22 Adjustment 10 reduces Accumulated Depreciation by \$37 to remove the past
23 depreciation related to the \$495 asset that was removed.
24

25 **Q Please summarize the changes made to rate base for the sewer division.**

26 A In its original filing, the Company did not make adjustments to AIAC, CIAC, or
27 Amortization of CIAC. In Staff's Third Set of Data Requests, JMM 3-57a through JMM
28 3-57d requested detailed information regarding yearly changes to CIAC and the related

1 CIAC amortization. JMM 3-58a through JMM 3-58d requested detailed information
2 regarding yearly additions and repayments in the AIAC account. During the process of
3 answering these eight questions, it was discovered the entire amount in AIAC represented
4 expired line extension agreements that had not been transferred to CIAC.
5

6 As a result of JMM 3-57b, it was determined that the balance at the end of the
7 2010 test year for CIAC was \$132,017. Adjustment 12 on Rebuttal Schedule B-2 is an
8 increase to CIAC of \$44,041 to arrive at the ending balance determined for the data
9 response.
10

11 **Q Did you use the response to JMM 3-57c to make Adjustment 13 on Rebuttal**
12 **Schedule B-2?**
13

14 **A** No. In response to JMM 3-57c, the Company proposed the amount of CIAC
15 amortization was \$85,556 based on amortization rates of 5% and 10%. Based on the
16 calculations the Company did on Rebuttal Schedule B-2c, amortization rates of 2.00%
17 and 2.5% are more appropriate. These percentages represent the actual amount of
18 depreciation expense related to Force Collection Sewers, where plant assets installed with
19 AIAC and CIAC funds have been classified for the sewer division. Based on the revised
20 CIAC amortization rate, the CIAC amortization balance at the end of the test year should
21 be \$83,093.
22

23 **Q Did the Company make an adjustment to correct the amortization schedule**
24 **provided in response to JMM 3-57c?**
25

26 **A** Yes. AIAC assets were depreciated over a 10-year period at 2.00%. This equates
27 a useful life of 50 years. Since at the time of conversion from AIAC to CIAC, the
28

1 associated assets have been depreciated for 10 years, the balance transferred to CIAC
2 must be amortized over a 40 year period to as closely match the useful life of the assets as
3 possible. A 40-year amortization period would represent an amortization rate of 2.50%,
4 which is what the Company proposes as the amortization rate for current and future
5 transfers from AIAC to CIAC. Assets originally funded with CIAC and recorded to
6 account 360 would use an amortization rate of 2.00%
7
8

9 Rebuttal Schedule B-2 reflects Adjustment 13, which decreases the actual amount
10 at the end of the test year by \$307 to arrive at the corrected amortization amount of
11 \$83,093, determined by Rebuttal Schedule B-2c.
12

13 **Q. What about AIAC?**

14 A. Based on the analysis done to respond to JMM 3-58b, the AIAC balance at the end
15 of the test year was zero. AIAC was decreased by \$40,658 by Adjustment 11 on Rebuttal
16 Schedule B-2 to make this change. These adjustments to rate base serve mostly to correct
17 AIAC and CIAC balances.
18

19 **Q Did the Company make any other changes to rate base for the sewer division?**

20 A The only other change was to the allowance for working capital, which is a
21 function of adjustments to the income statement. Adjustment 14 on Rebuttal Schedule B-
22 2 reflects an increase to Working Capital of \$344 from the original filing.
23
24

25 **Q Turning to the Income Statement for the sewer division on Rebuttal Schedule**
26 **C-1S, what changes have been made from the original filing?**
27
28

1 A The Company has adopted Staff's adjustment to water testing as reflected on
2 Schedule JMM-WW8, and has updated depreciation expense based on the proposed
3 CIAC amortization rate discussed above.
4

5 Rebuttal Schedule C-2Sb reflects the updated plant balances and the
6 corresponding depreciation rates by asset category. Depreciation expense on the non-
7 fully depreciated assets calculates to \$1,508 annually. This amount is then reduced by
8 CIAC amortization on the amounts that are not already fully amortized, times the CIAC
9 amortization rates detailed on Rebuttal Schedule B-2c. This equates to \$9,264 in original
10 CIAC times a 2.00% amortization rate, and \$40,741 in CIAC transferred from AIAC
11 times a 2.50% amortization rate. This results in \$1,204 per year in proposed CIAC
12 amortization. Once the annual CIAC amortization amount is subtracted from
13 depreciation expense of \$1,508, \$304 is proposed for annual net depreciation expense.
14
15
16

17 **Q Were any other expense items changed?**

18 A Income tax expense has decreased slightly due to changes to expense items.
19

20 **Q Do you agree with Staff's revenue requirement and rate design for the sewer**
21 **divison?**

22 A Yes. The Company had asked for no change to the revenue requirement and only
23 minor changes to the rate structure. Although Staff recommended a slight different rate
24 design than the Company proposed, we will accept Staff's alternative.
25

26 **Financing**

27 **Q Does the Company agree with the reduction to the amount of the loan**
28 **recommended by Staff?**

1 A Yes. The Company amortization schedules have been updated to reflect the
2 revised amount of the loan and the interest rate utilized by Staff.
3

4 **Q Has the Company revised the amount of the surcharge required to service the**
5 **proposed revised WIFA loan amount?**

6 A Yes. Rebuttal Schedule SSR-3 details the Company calculation determining the
7 annual amount of surcharge needed, \$42,648, as well as the amount of surcharge by
8 meter size. The largest class of users, residential customers with a 5/8 by 3/4 inch meter,
9 would pay a monthly surcharge of \$5.54, if the entire amount of the proposed WIFA loan
10 was drawn.
11
12

13 **Q How does this compare to what Staff has recommended for the surcharge**
14 **related to the financing application for the proposed WIFA loan?**

15 A Staff recommended an annual surcharge amount of \$42,443, and a monthly
16 surcharge for 5/8 by 3/4-inch meters of \$4.99.
17

18 **Q Does this mean the Company is in agreement with Staff on the financing**
19 **application and the associated surcharge?**
20

21 A Not exactly. Staff arrived at its revenue amount by backing into a surcharge
22 amount that would calculate to annual Cash Flow of \$10,000. The Company, on the
23 other hand, determined its annual surcharge by evaluating actual amounts to be paid and
24 the impact of property and income taxes via the gross revenue conversion factor. This
25 straightforward calculation is set forth on lines 1 through 11 of Rebuttal Schedule SSR-3.
26

27 **Q Is Staff proposing that the expenditures related to the existing two WIFA**
28 **loans be included in its proposed base rates or via the surcharge?**

1
2 A It is unclear due to the net loss status proposed for the water division. Regardless,
3
4 knowing that the loans already exist and are approved, it is more appropriate to include
5 them in base rates and utilize the surcharge for the new loan only. This is important as
6 the Company is currently paying on these loans and must continue to regardless of the
7 proposed WIFA loan.
8

9 **Q Does the Company have any other issues with Staff's surcharge calculation?**

10 A Yes. The customer numbers appear incorrect. First of all, there are no active 3-
11 inch meters on the system, yet Staff has included one in its surcharge calculation. It
12 seems as though Staff has used the total amount of meters on the system (i.e., the
13 inventory of meters on the system) and has not taken into consideration the fact that
14 many meters are unused. This results in a difference of almost 1,000 annual bills, so
15 once again Staff sets the Company up to fail by including customers that do not exist to
16 recover funds necessary to service the proposed WIFA debt.
17
18

19 What Staff seems to overlook is that no rational utility owners are going to enter
20 into loan agreements that require them to offer their personal assets as security and have
21 to pay out-of-pocket an additional 20% of the loan payments to cover the debt reserve.
22

23 **Q What is Clear Springs' position on Staff including the operational and**
24 **statistical percentages from the sewer division in analysis for the loan for the water**
25 **division?**
26

27 A It is inappropriate for many reasons. First of all, each division must be self
28 sufficient and able to pay its own bills and infrastructure replacement. Second, the

1 customers of the sewer division and the water division are not one in the same, which
2 would probably result in cross subsidization between divisions. And finally, the sewer
3 division assets are approximately the same age as those of the water division and will
4 require upgrades very soon that must be planned for now. As sewer utilities are not able
5 to borrow from WIFA, there are limited sources available for loans, thus it is likely that
6 these funds will need to come from generated income and the depreciation from cash
7 flow for the sewer division. This cannot occur if the cash flow from depreciation expense
8 for the sewer division is being used to "cover" the WIFA payments for the water division,
9 which could result in serious environmental and financial issues.

10 **Q In looking at Rebuttal Schedule SSR-2, it appears that the analytical**
11 **percentages on lines 38 through 41 mainly increase from the base case and the case**
12 **with the loan and surcharge factored in. Is this true?**

13 **A** The income related statistics increase as the amount of revenue needed to pay the
14 increased principal went up. The rate of return on rate base percentage is still irrelevant
15 due to the low rate base amount. Cash flow to revenue has decreased under the loan
16 scenario, meaning if the Company takes the new WIFA loan, they will have less available
17 cash flow. Under both scenarios on Rebuttal Schedule SSR-2 as proposed by the
18 Company, the cash flow from operations after the WIFA reserve is the same. The
19 surcharge only attempts to flow in the cash needed to pay the debt service to WIFA and
20 the associated property and income taxes related to the increased revenue.

21 Again, the Company proposed surcharge, in addition to the base rates, will permit
22 the Company to be viable and make the proposed system improvements. The most

1 important statistic in this case is the percent of cash flow to revenue after all the bills are
2 paid and the debt is serviced, which is 13.52%, an amount that is not unreasonable to
3 have for contingencies and improvements. When depreciation expense is redirected to
4 pay for a WIFA loan, the Company is stripped of the one other resource, besides net
5 income, it can use to make major improvements and upgrades. This is common, and is
6 called owner reinvestment. In other words, in lieu of taking a return, most small water
7 Company owners reinvest depreciation cash flow from deprecation already along with
8 any net income they may be lucky enough to get.
9
10

11 **Q Will the Company take the loan?**
12

13 **A** Due to a recommended net loss outside of the impact of the financing, the
14 Company would be taking more financial obligations than it could responsibly manage.
15 The only two reasons it would do so is if the owner does not understand the financial
16 impact or unless the system is facing immediate catastrophic failure. The owner of this
17 Company understands the situation. My recollection is that he lost approximately
18 \$200,000 of his own retirement funds saving the customers of the Sonoita-Southern
19 Water Company from a long-term water outage, so I doubt he will make a similar
20 mistake. Consequently, unless the Company's proposed rates and surcharge are
21 approved, the Company will be set on a path that jeopardizes its ability to provide safe
22 and reliable drinking water.
23
24
25
26
27
28

Clear Springs Utility Company, Inc. - Water and Sewer Divisions

Docket No. WS-01689A-11-0402 and W-01689A-11-0401

Test Year Ended December 31, 2010

INDEX OF SCHEDULES

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A-2	Summary Results of Operations
A-4	Construction Expenditures and Gross Utility Plant In Service
B-1	Summary of Original Cost and RCND
B-2	Original Cost Rate Base Proforma Adjustments
B-2a	Rate Base Proforma Adjustments - Detailed
B-2b	Rate Base Proforma Adjustments - Detailed - Water Division CIAC
B-2c	Rate Base Proforma Adjustments - Detailed - Sewer Division CIAC
B-5	Computation of Working Capital
C-1T	Adjusted Test Year Income Statement - Total Company
C-1W	Adjusted Test Year Income Statement - Water
C-2W	Income Statement Proforma Adjustments - Water
C-2Wa	Adjustment to Repairs and Maintenance Expense - Water
C-2Wb	Adjustment to Outside Services Expense - Water
C-2Wc	Proposed Depreciation Expense - Water
C-2Wd	Property Tax Calculation - Present and Proposed - Water
C-2We	Test Year Income Tax Expense Calculation - Water
C-2Wf	Proposed Income Tax Expense Calculation - Water
C-1S	Adjusted Test Year Income Statement - Sewer
C-2S	Income Statement Proforma Adjustments - Sewer
C-2Sa	Adjustment to Outside Services Expense - Sewer
C-2Sb	Proposed Depreciation Expense - Sewer
C-2Sc	Property Tax Calculation - Present and Proposed - Sewer
C-2Sd	Test Year Income Tax Expense Calculation - Sewer
C-3	Computation of Gross Revenue Conversion Factor
D-1	Summary Cost of Capital
E-1	Comparative Balance Sheet
E-2	Comparative Income Statements
E-5T	Detail of Utility Plant - Total Company
E-5W	Detail of Utility Plant - Water
E-5S	Detail of Utility Plant - Sewer
E-6W	Comparative Departmental Operating Income Statements - Water
E-6S	Comparative Departmental Operating Income Statements - Sewer
E-7	Operating Statistics
E-8	Taxes Charged to Operations
E-9	Notes to Financial Statements
F-1	Projected Income Statements - Present and Proposed Rates
F-3	Projected Construction Requirements (A&B - 3 years, C&D - 1 year)
F-4	Assumptions Used in Developing Projections

Clear Springs Utility Company, Inc. - Water and Sewer Divisions
Docket No. WS-01689A-11-0402 and W-01689A-11-0401
Test Year Ended December 31, 2010

Rebuttal Schedule A-1
Title: Computation of Increase in Gross
Revenue Requirements

Explanation:
Schedule showing computation of increase in gross revenue requirements and spread of revenue increase by customer classification.

Required for: All Utilities	<input checked="" type="checkbox"/>
Class A	<input type="checkbox"/>
Class B	<input type="checkbox"/>
Class C	<input type="checkbox"/>
Class D	<input type="checkbox"/>
Special Reqmt	<input type="checkbox"/>

Rate of Return on Rate Base Method:

	Water Original Cost	Sewer Original Cost	Total Company Original Cost	RCND
1. Adjusted Rate Base	\$ 51,575	\$ (17,048)	\$ 34,527 (a)	(a)
2. Adjusted Operating Income/(Loss)	\$ (38,426)	\$ 8,008	\$ (30,418) (b)	(b)
3. Current Rate of Return	-74.50%	Not meaningful	-88.10%	
4. Required Rate of Return	50.00%	Not meaningful	50.00%	
5. Required Operating Income	\$ 25,788	\$ 8,008	\$ 33,796	
6. Operating Income Deficiency (5 - 2)	\$ 64,214	\$ -	\$ 64,214	
7. Gross Revenue Conversion Factor	1.313	1.000	1.313 (c)	(c)
8. Increase in Gross Revenue Requirements (6 x 7)	<u>\$ 84,332</u>	<u>\$ -</u>	<u>\$ 84,332</u>	

Operating Margin Method:

9. Proposed Revenue	\$ 252,582	\$ 47,802	\$ 300,384	
10. Required Operating Margin	10.21%	16.75%	11.25%	
11. Required Operating Income (9 x 10)	\$ 25,788	\$ 8,008	\$ 33,796	
12. Operating Income Deficiency (11 - 2)	\$ 64,214	\$ -	\$ 64,214	
13. Gross Revenue Conversion Factor	1.313	1.000	1.313 (c)	(c)
14. Increase in Gross Revenue Requirements (12 x 13)	<u>\$ 84,332</u>	<u>\$ -</u>	<u>\$ 84,332</u>	

Customer Classification	Adjusted Revenue at Present Rates	Revenue at Proposed Rates	Dollar Increase	Percent Increase
Water				
Residential	\$ 137,318	\$ 204,712	\$ 67,394	49.08%
Commercial	26,254	42,491	16,237	61.85%
Bulk Water	1,459	2,160	701	48.05%
Other	3,219	3,219	-	0.00%
Total Water	<u>\$ 168,250</u>	<u>\$ 252,582</u>	<u>\$ 84,332</u>	50.12%
Sewer				
Residential	\$ 42,130	\$ 41,055	\$ (1,075)	-2.55%
Commercial	5,242	6,317	1,075	20.51%
Other	430	430	-	0.00%
Total Sewer	<u>\$ 47,802</u>	<u>\$ 47,802</u>	<u>\$ -</u>	0.00%
Total Company	<u>\$ 216,052</u>	<u>\$ 300,384</u>	<u>\$ 84,332</u>	39.03% (d)

Note: For combination utilities, the above information should be presented in total and by department.

Supporting Schedules:

(a) B-1 (c) C-3

(b) C-1 (d) H-1

Clear Springs Utility Company, Inc. - Water and Sewer Divisions
Docket No. WS-01689A-11-0402 and W-01689A-11-0401
Test Year Ended December 31, 2010

Rebuttal Schedule A-2
Title: Summary Results of Operations

Explanation:

Schedule showing comparative operating results for the test year and the 2 fiscal years ended prior to the end of the test year, compared with the projected year.

Required for: All Utilities	<input checked="" type="checkbox"/>
Class A	<input type="checkbox"/>
Class B	<input type="checkbox"/>
Class C	<input type="checkbox"/>
Class D	<input type="checkbox"/>
Spec'l Reqmt	<input type="checkbox"/>

Description	<u>Prior Years</u>		<u>Test Year</u>		<u>Projected Year</u>	
	Year End	Year End	Actual	Adjusted	Present	Proposed
	31-Dec-08	31-Dec-09	Rates	Rates	Rates	Rates
	(a)	(a)	(a)	(b)	(c)	(c)
1. Gross Revenues	\$ 217,766	\$ 224,725	\$ 228,859	\$ 216,052	\$ 216,052	\$ 300,384
2. Revenue Deductions & Operating Expenses	(228,749)	(229,459)	(213,250)	(246,470)	(246,470)	(266,588)
3. Operating Income	\$ (10,983)	\$ (4,734)	\$ 15,609	\$ (30,418)	\$ (30,418)	\$ 33,797
4. Other Income and Deductions	3,667	1,853	561	561	561	561
5. Interest Expense	(7,598)	(6,475)	(3,376)	(6,245)	(6,245)	(6,245)
6. Net Income	\$ (14,914)	\$ (9,356)	\$ 12,794	\$ (36,102)	\$ (36,102)	\$ 28,113
7. Earned Per Average Common Share*	\$ (4.97)	\$ (3.12)	\$ 4.26	\$ (12.03)		
8. Dividends Per Common Share*	-	-	-	-		
9. Payout Ratio*	0.00%	0.00%	0.00%	0.00%		
10. Return on Average Invested Capital	-3.90%	-2.75%	4.85%	-13.70%	-13.70%	10.67%
11. Return on Year End Capital	-3.90%	-3.13%	5.60%	-15.80%	-15.80%	12.30%
12. Return on Average Common Equity	-9.85%	-9.33%	92.66%	-261.46%	-261.46%	203.60%
13. Return on Year End Common Equity	-9.85%	-19.01%	-59.25%	Double Negative		-130.20%
14. Times Bond Interest Earned - Before Inc Tax	-144.55%	-73.11%	473.79%	-610.10%	-610.10%	418.14%
15. Times Total Interest and Preferred Dividends Earned - After Income Taxes	-144.55%	-73.11%	462.35%	-487.07%	-487.07%	541.18%

Supporting Schedules:

- (a) E-2
- (b) C-1
- (c) F-1

*Optional for projected year

Clear Springs Utility Company, Inc. - Water and Sewer Divisions

Docket No. WS-01689A-11-0402 and W-01689A-11-0401

Test Year Ended December 31, 2010

Rebuttal Schedule A-4**Title: Construction Expenditures and
Gross Utility Plant in Service****Explanation:**

Schedule showing construction expenditures, plant placed in service and gross utility plant in service for the test year and the 2 fiscal years ended prior to the end of the test year, compared with the projected year.

Required for: All Utilities

Class A

Class B

Class C

Class D

Spec'l Reqmt

X

Year	Construction Expenditures (a)	Net Plant Placed In Service (b)	Gross Utility Plant In Service
1. Prior Year 1 - 2008 Water	\$ 33,685	\$ 33,685	\$ 1,038,408
2. Prior Year 1 - 2008 Sewer	1,000	1,000	350,945
3. Prior Year 1 - 2008 Total	\$ 34,685	\$ 34,685	\$ 1,389,353
4. Prior Year 2 - 2009 Water	\$ 25,496	\$ 25,496	\$ 1,063,904
5. Prior Year 2 - 2009 Sewer	580	580	351,525
6. Prior Year 2 - 2009 Total	\$ 26,076	\$ 26,076	\$ 1,415,429
7. Test Year - 2010 Water	\$ 38,181	\$ 38,181	\$ 1,102,085
8. Test Year - 2010 Sewer	3,450	3,450	354,975
9. Test Year - 2010 Total	\$ 41,631	\$ 41,631	\$ 1,457,060
10. Projected Year 1 - Water	\$ 438,098	461,098	1,563,183
11. Projected Year 1 - Sewer	-	-	354,975
12. Projected Year 1 - Total	\$ 438,098	\$ 461,098	\$ 1,918,158
13. Projected *			
14. Projected *			

* Required only for Class A and B Utilities

NOTE: For combination utilities, above information should be presented in total and by department.

Supporting Schedules:

(a) F-3

(b) E-5T, E-5W, E-5S

Clear Springs Utility Company, Inc. - Water and Sewer Divisions
Docket No. WS-01689A-11-0402 and W-01689A-11-0401
Test Year Ended December 31, 2010

Rebuttal Schedule B-1
Title: Summary of Original Cost
and RCND

Explanation:
Schedule showing elements of adjusted original cost
and RCND rate bases.

Required for: All Utilities

Class A

Class B

Class C

Class D

Spec'l Reqmt

X

	Water Original Cost Rate Base*	Sewer Original Cost Rate Base*	Total Company Original Cost Rate Base*	RCND Rate Base*
1. Gross Utility Plant in Service	\$ 1,113,935	\$ 354,975	\$ 1,468,910	
2. Less: Accumulated Depreciation	(910,460)	(328,743)	(1,239,203)	
3. Net Utility Plant in Service	\$ 203,475	\$ 26,232	\$ 229,707 (a)	(b)
Less:				
4. Advances in Aid of Construction (AIAC)	\$ (71,634)	\$ -	\$ (71,634) (c)	(c)
5. Meter Deposits (AIAC)	(40,253)	-	(40,253)	
5. Contributions in Aid of Construction (CIAC)	(289,888)	(132,017)	(421,905) (c)	(c)
Add:				
6. Amortization of CIAC	\$ 230,534	\$ 83,093	\$ 313,627 (c)	(c)
7. Allowance for Working Capital	19,341	5,644	24,985 (d)	(d)
8. Total Rate Base	<u>\$ 51,575</u>	<u>\$ (17,048)</u>	<u>\$ 34,527 (e)</u>	(e)

* Including pro forma adjustments

NOTE: For combination utilities, above information should be presented in total and by department.

Supporting Schedules:

(a) B-2 (d) B-5

(b) B-3

(c) E-1

Recap Schedules:

(e) A-1

Clear Springs Utility Company, Inc. - Water and Sewer Divisions
Docket No. WS-01689A-11-0402 and W-01689A-11-0401
Test Year Ended December 31, 2010

Rebuttal Schedule B-2
Title: Original Cost Rate Base
Proforma Adjustments

Explanation:
Schedule showing proforma adjustments to gross plant
in service and accumulated depreciation for the original
cost rate base.

Required for: All Utilities
Class A
Class B
Class C
Class D
Spec'l Reqmt

X

Water Division	Actual at End Of Test Year (a)	Pro forma Adjustment	Ref	Adjusted at End Of Test Year (b)
1 Gross Utility Plant in Service	\$ 1,097,326	\$ 4,760	1	\$ 1,102,086
2 Post Test Year Addition		11,849	2	11,849
3 Less: Accumulated Depreciation	(810,041)	(100,419)	3	(910,460)
4 Net Utility Plant in Service	\$ 287,285	\$ (95,659)		\$ 203,475
5 Less:				
6 Advances in Aid of Construction (AIAC)	\$ (121,648)	\$ 50,014	4	\$ (71,634)
7 Meter Deposits (AIAC)	-	(40,253)	5	(40,253)
8 Contributions in Aid of Construction (CIAC)	(239,743)	(50,145)	6	(289,888)
9 Add:				
10 Amortization of CIAC	\$ 229,556	\$ 978	7	\$ 230,534
11 Allowance for Working Capital	19,658	(317)	8	19,341
12 Total Water Division Rate Base	\$ 175,108	\$ (135,381)		\$ 51,575
13 Sewer Division				
14 Gross Utility Plant in Service	\$ 355,470	\$ (495)	9	\$ 354,975
15 Less: Accumulated Depreciation	(328,780)	37	10	(328,743)
16 Net Utility Plant in Service	\$ 26,690	\$ (458)		\$ 26,232
17 Less:				
18 Advances in Aid of Construction (AIAC)	\$ (40,658)	\$ 40,658	11	\$ -
19 Contributions in Aid of Construction (CIAC)	(87,976)	(44,041)	12	(132,017)
20 Add:				
21 Amortization of CIAC	\$ 83,400	(307)	13	\$ 83,093
22 Allowance for Working Capital	5,300	344	14	5,644
23 Total Sewer Division Rate Base	\$ (13,244)	\$ (3,804)		\$ (17,048)
24 Total Company				
25 Gross Utility Plant in Service	\$ 1,452,796	\$ 4,265		\$ 1,457,061
26 Post Test Year Addition	-	11,849		11,849
27 Less: Accumulated Depreciation	(1,138,821)	(100,382)		(1,239,203)
28 Net Utility Plant in Service	\$ 313,975	\$ (84,268)		\$ 229,707
29 Less:				
30 Advances in Aid of Construction (AIAC)	\$ (162,306)	\$ 90,672		\$ (71,634)
31 Meter Deposits (AIAC)	-	(40,253)		(40,253)
32 Contributions in Aid of Construction (CIAC)	(327,719)	(94,186)		(421,905)
33 Add:				
34 Amortization of CIAC	\$ 312,956	\$ 671		\$ 313,627
35 Allowance for Working Capital	24,958	27		24,985
36 Total Company Rate Base	\$ 161,864	\$ (127,336)		\$ 34,527

All pro forma adjustments should be adequately explained on this schedule or on attachments hereto.

NOTE: For combination utilities, above information should be presented in total and by department.

Supporting Schedules:
(a) E-1

Recap Schedules:
(b) B-1

Clear Springs Utility Company, Inc. - Water and Sewer Divisions
Docket No. WS-01689A-11-0402 and W-01689A-11-0401
Test Year Ended December 31, 2010

Rebuttal Schedule B-2a
Title: Rate Base Proforma
Adjustments - Detailed
Page 1 of 2

Explanation:
Schedule detailing proforma adjustments to gross plant
in service and accumulated depreciation for the original
cost rate base.

All Utilities	<input checked="" type="checkbox"/>
Class A	<input type="checkbox"/>
Class B	<input type="checkbox"/>
Class C	<input type="checkbox"/>
Class D	<input type="checkbox"/>
Spec'l Reqmt	<input type="checkbox"/>

Water Division	Invoice Amount	Account Total
Account 307		
1/25/10 - Pumps, Inc. invoice moved from account 620	\$ 342	\$ 342
Account 311		
1/2/2010 - Jim's Electric invoice moved to account 620	\$ (75)	
7/9/2010 - Jim's Electric invoice moved to account 620	<u>(170)</u>	(245)
Account 333		
3/5/10 Dana Kepner invoice moved from account 620	\$ 208	208
Account 334		
1/22/10 Dana Kepner invoice moved from account 620	\$ 258	
5/31/10 Dana Kepner invoice moved from account 620	250	
7/21/10 HD Supply invoice moved from account 620	302	
8/23/10 Dana Kepner invoice moved from account 620	655	
9/23/10 Dana Kepner invoice moved from account 620	327	
12/13/10 Dana Kepner invoice moved from account 620	<u>300</u>	2,092
Account 335		
6/4/10 Dana Kepner invoice moved from account 620	\$ 1,764	
6/6/10 Garcia and Sons invoice moved from account 620	<u>600</u>	2,364
Gross Utility Plant Adjustment 1	\$	<u>4,760</u>
 Pump installation at Well Site 5 in December 2011.	 Post Test Year Plant Adjustment 2	 \$ 11,849
Accumulated Depreciation adjustment from original application	\$	99,678
Accumulated Depreciation adjustment for pump installation at Well Site 5		<u>741</u>
Accumulated Depreciation Adjustment 3	\$	<u>100,419</u>
Advances in Aid of Construction (AIAC):		
Transfer to CIAC	\$ 25,985	
Transfer to Capital Account	17,050	
Adjustment amount to match response to Staff data request JMM 3-46	<u>6,979</u>	
Decrease to AIAC by Adjustment 4	\$	<u>50,014</u>

Meter Deposits (AIAC)	Increase by Adjustment 5	(40,253)
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Contributions in Aid of Construction (CIAC)

Transfer expired AIAC	\$	(25,985)
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Adjustment amount to match response to Staff data request JMM 3-45	(24,160)
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Increase to CIAC by Adjustment 6	\$	<u>(50,145)</u>
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Amortization of CIAC

Adjustment based on calculations on Rebuttal Schedule B-2b.	\$	978
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Increase to Amortization of CIAC by Adjustment 7	\$	<u>978</u>
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Sewer Division

Adopt Staff Adjustment #2 from Schedule JMM-WW4 to account 354	Adjustment 9	\$	(475)
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Adopt Staff Adjustment #2 from Schedule JMM-WW4 to accumulated depreciation	Adjustment 10	\$	37
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Advances in Aid of Construction (AIAC):

Adjustment amount to match response to Staff data request JMM 3-58	Adjustment 11	\$	40,658
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Contributions in Aid of Construction (CIAC)

Adjustment amount to match response to Staff data request JMM 3-57	Adjustment 12	\$	(44,041)
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Amortization of CIAC

Adjustment based on calculations on Rebuttal Schedule B-2c.	Adjustment 13	\$	(307)
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Supporting Schedules:

Recap Schedules:
(b) B-1

Clear Springs Utility Company, Inc. - Water Division
Docket No. WS-01689A-11-0402 and W-01689A-11-0401
Test Year Ended December 31, 2010

Rebuttal Schedule B-2b
Title: Rate Base Proforma
Adjustments - Detailed

Line		CIAC Additions	Cumulative CIAC Balance	3.03% Weighted CIAC Amortization	Cumulative CIAC Amort Balance	Cumulative Net CIAC
	Balance per Decision 68444-Test Year Ended 12/31/04		\$ 226,579		\$ 226,579	\$ -
2	2005		226,579		226,579	-
3	2006	\$ 13,164	239,743	\$ 199	226,778	12,965
4	2007	3,618	243,361	454	227,232	16,129
5	2008	17,681	261,042	776	228,008	33,033
6	2009		261,042	1,044	229,053	31,989
7	2010	28,846	289,888	1,481	230,534	59,354
8	Totals	\$ 63,309		\$ 3,955		

9 Notes:

- 10 At the end of 2005, the CIAC balance of \$226,579 was fully amortized.
11 There has been no new CIAC since the last rate case, just transfers from AIAC, beginning in 2006.
12 The plant assets associated with the above CIAC, originally AIAC, were classified in account 331 or 333.
13 The composite rate for purposes of amortization for the CIAC from AIAC is determined as follows:
- | | | | |
|--|-------|------------|-----------|
| 14 Account 331 - Transmission and Distribution Mains | 2.00% | \$ 349,433 | \$ 6,989 |
| 15 Account 333 - Services | 3.30% | 121,259 | 4,002 |
| 16 Totals | | \$ 470,692 | \$ 10,990 |
| 17 Weighted average of AIAC/CIAC depreciation rates | | | 2.33% |

Clear Springs Utility Company, Inc. - Sewer Division
Docket No. WS-01689A-11-0402 and W-01689A-11-0401
Test Year Ended December 31, 2010

Rebuttal Schedule B-2c
Title: Rate Base Proforma
Adjustments - Detailed

Line		CIAC Additions	Cumulative CIAC Balance	2.00% or 2.50% CIAC Amort Rate	Cumulative CIAC Amort Balance	Cumulative Net CIAC
	Balance per Decision 68333-Test Year Ended 12/31/04		\$ 82,012		\$ 82,012	\$ -
2	2005		82,012		82,012	-
3	2006	\$ 5,964	87,976	\$ 60	82,072	5,904
4	2007		87,976	119	82,191	5,785
5	2008		87,976	119	82,310	5,666
6	2009		87,976	119	82,429	5,547
7	2010	44,041	132,017	664	83,093	48,924
8	Totals	\$ 50,005		\$ 1,081		

9 Notes:

10 At the end of 2005, the CIAC balance of \$82,102 was fully amortized.

11 The plant assets associated with CIAC, whether it was originally AIAC or started as CIAC, were
classified in account 360.

12 The composite rate for purposes of amortization for CIAC is determined as follows:

13 Account 360 - Collection Sewers-Force depreciation rate 2.00%

Clear Springs Utility Company, Inc. - Water and Sewer Divisions
Docket No. WS-01689A-11-0402 and W-01689A-11-0401
Test Year Ended December 31, 2010

Rebuttal Schedule B-5
Title: Computation of Working Capital

Explanation:
Schedule showing computation of working capital allowance.

Required for: All Utilities

Class A

Class B

Class C

Class D

Spec'l Reqmt

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☐

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☐

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	<u>Amount</u>	
Water Division		
Cash working capital		
1 1/24th Purchased Power	\$ 1,690	
2 1/24th Purchased Water	-	
3 1/8th Operation & Maintenance Expense	17,652	
4 Materials and Supplies Inventories	-	(a)
5 Prepayments	-	(a)
6 Total Working Capital Allowance - Water	\$ 19,341	(b)
Sewer Division		
Cash working capital		
7 1/24th Purchased Power	\$ 138	
8 1/24th Purchased Treatment	-	
9 1/8th Operation & Maintenance Expense	3,904	
10 Materials and Supplies Inventories	1,602	(a)
11 Prepayments	-	(a)
12 Total Working Capital Allowance - Sewer	\$ 5,644	(b)
13 Working Capital Allowance - Total Company	\$ 24,985	

NOTES:

1. Adequate detail should be provided to determine the bases for the above computations.
2. Adjusted test year operating expenses should be used in computing cash working capital requirements.
3. Combination utilities should compute working capital allowances for each department.

Supporting Schedules:
(a) E-1

Recap Schedules:
(b) B-1

Clear Springs Utility Company, Inc. - Water and Sewer Divisions
Docket No. WS-01689A-11-0402 and W-01689A-11-0401
Test Year Ended December 31, 2010

Rebuttal Schedule C-1T
Title: Adjusted Test Year Income Statement

Required for: All Utilities ☒
Class A ☐
Class B ☐
Class C ☐
Class D ☐
Specd Reqmt ☐

Explanation:
Schedule showing statement of income for the test year,
including pro forma adjustments.

Description	Actual for Test		Ref	Proforma	Test Year		Proposed	Adjusted Test
	Year Ended (a)				Results After	Pro Forma		
	31-Dec-10			(b)	Adjustments	Ref	Increase	Rate Increase
Operating Revenues:								
461 Metered Water Revenue	\$ 165,631	W-A		(600)	\$ 165,031	W-I	\$ 84,332	\$ 249,363
474 Other Water Revenue	15,279	W-A		(12,060)	3,219			3,219
521 Flat Rate Revenues	-				-			-
522 Measured Revenues	47,519	S-A		(147)	47,372		-	47,372
536 Other Wastewater Revenues	430				430			430
Total Operating Revenue	\$ 228,859			\$ (12,807)	\$ 216,052		\$ 84,332	\$ 300,384
Operating Expenses:								
601 Salaries & Wages	\$ -				\$ -			\$ -
610 Purchased Water	-				-			-
615 Purchased Power	40,551				40,551			40,551
618 Chemicals	1,811				1,811			1,811
620 Repairs & Maintenance	16,928	W-B		(4,760)	12,168			12,168
621 Office Supplies and Expense	9,437				9,437			9,437
630 Outside Services	75,410	W-C		16,830	92,240			92,240
635 Water Testing	7,172	W-L		(2,535)	4,637			4,637
641 Rental Expense	-				-			-
650 Transportation Expense	6,938				6,938			6,938
657 Insurance - General Liability	3,443				3,443			3,443
659 Insurance - Health and Life	-				-			-
666 Rate Case Expense	-	W-D		10,000	10,000			10,000
675 Miscellaneous Expense	1,928	W-E		(1,388)	540			540
701 Salaries & Wages	-			-	-			-
710 Purchased Wastewater Treatment	-			-	-			-
711 Sludge Removal Expense	-			-	-			-
715 Purchased Power	3,313			-	3,313			3,313
716 Fuel for Power Production	-			-	-			-
718 Chemicals	-			-	-			-
720 Materials and Supplies	939			-	939			939
721 Office Supplies	431			-	431			431
731 Contractual Services - Professional	8,550	S-B		14,720	23,270			23,270
736 Contractual Services - Other	-			-	-			-
Water Testing	-	S-G		2,751	2,751			2,751
750 Transportation Expense	341			-	341			341
755 Insurance Expense	-			-	-			-
766 Rate Case Expense	-	S-C		3,500	3,500			3,500
775 Miscellaneous Expense	-			-	-			-
403 Depreciation & Amortization	14,842	W-F						
408 Taxes Other Than Income	-	S-D		13,570	28,412			28,412
408.11 Property Taxes	20,780	W-G		(8,348)	12,432	W-J	1,609	14,042
409 Income Taxes	50	S-E		(11,120)	(11,070)	W-K	18,509	7,439
427.4 Interest on Customer Deposits	386	W-H		-	386			386
Total Operating Expenses	\$ 213,250			\$ 33,220	\$ 246,470		\$ 20,118	\$ 266,588
OPERATING INCOME/(LOSS)	\$ 15,609			\$ (46,027)	\$ (30,418)	(c)	\$ 64,214	\$ 33,797
Other Income/(Expense):								
419 Interest Income	\$ 561				\$ 561			\$ 561
421 Non-Utility Income	-				-			-
426 Miscellaneous Non-Utility Expenses	-				-			-
427.3 Interest Expense	(3,376)	W-M		(2,869)	(6,245)			(6,245)
Total Other Income/(Expense)	\$ (2,815)			\$ (2,869)	\$ (5,684)		\$ -	\$ (5,684)
NET INCOME/(LOSS)	\$ 12,794			\$ (48,896)	\$ (36,102)		\$ 64,214	\$ 28,113

Note: For combination utilities, above information should be presented in total and by department.

Supporting Schedules:
(a) E-2
(b) C-1W, C-1S

Schedules:
(c) A-1

Clear Springs Utility Company, Inc. - Water Division
Docket No. WS-01689A-11-0402 and W-01689A-11-0401
Test Year Ended December 31, 2010

Rebuttal Schedule C-1W
Title: Adjusted Test Year Income Statement

Required for: All Utilities

X

Explanation:

Schedule showing statement of income for the test year,
including pro forma adjustments.

Class A
Class B
Class C
Class D
Spec'l Reqmt

Description	Actual for Test Year Ended (a) 31-Dec-10	Ref	Proforma Adjustments (b)	Test Year Results After Pro Forma Adjustments	Ref	Proposed Rate Increase	Adjusted Test Year With Rate Increase
Operating Revenues:							
461 Metered Water Revenue	\$ 165,631	A	\$ (600)	\$ 165,031	I	\$ 84,332	\$ 249,363
474 Other Water Revenue	15,279	A	(12,060)	3,219			3,219
Total Operating Revenue	\$ 180,910		\$ (12,660)	\$ 168,250		\$ 84,332	\$ 252,582
Operating Expenses:							
601 Salaries & Wages	\$ -			\$ -			\$ -
610 Purchased Water	-			-			-
615 Purchased Power	40,551			40,551			40,551
618 Chemicals	1,811			1,811			1,811
620 Repairs & Maintenance	16,928	B	(4,760)	12,168			12,168
621 Office Supplies and Expense	9,437			9,437			9,437
630 Outside Services	75,410	C	16,830	92,240			92,240
635 Water Testing	7,172	L	(2,535)	4,637			4,637
641 Rental Expense	-			-			-
650 Transportation Expense	6,938			6,938			6,938
657 Insurance - General Liability	3,443			3,443			3,443
659 Insurance - Health and Life	-			-			-
666 Rate Case Expense	-	D	10,000	10,000			10,000
675 Miscellaneous Expense	1,928	E	(1,388)	540			540
403 Depreciation & Amortization	12,957	F	15,151	28,108			28,108
408 Taxes Other Than Income	-			-			-
408.11 Property Taxes	16,235	G	(6,537)	9,698	J	1,609	11,308
409 Income Taxes	50	H	(13,270)	(13,220)	K	18,509	5,289
427.4 Interest on Customer Deposits	325			325			325
Total Operating Expenses	\$ 193,185		\$ 13,491	\$ 206,676		\$ 20,118	\$ 226,794
OPERATING INCOME/(LOSS)	\$ (12,275)		\$ (26,151)	\$ (38,426)	(c)	\$ 64,214	\$ 25,788
Other Income/(Expense):							
419 Interest Income	\$ 446			\$ 446			\$ 446
421 Non-Utility Income	-			-			-
426 Miscellaneous Non-Utility Expenses	-			-			-
427.3 Interest Expense	(3,376)	M	(2,869)	(6,245)			(6,245)
Total Other Income/(Expense)	\$ (2,930)		\$ (2,869)	\$ (5,799)		\$ -	\$ (5,799)
NET INCOME/(LOSS)	\$ (15,205)		\$ (29,020)	\$ (44,225)		\$ 64,214	\$ 19,989

Note: For combination utilities, above information should be presented in total and by department.

Supporting Schedules:
(a) E-2
(b) C-2W

Recap Schedules:
(c) A-1, C-1T

Clear Springs Utility Company, Inc. - Water Division
Docket No. WS-01689A-11-0402 and W-01689A-11-0401
Test Year Ended December 31, 2010

Rebuttal Schedule C-2W
Title: Income Statement Proforma
Adjustments

Required for: All Utilities	X
Class A	
Class B	
Class C	
Class D	
Spec Reqmt	

Explanation:
Schedule itemizing pro forma adjustments to the test year income statement.

Description	A	B	C	D	E	F	G	H	I	J	K	L	M	Total (a) Adjustments
Revenues:														
Metered Water Revenue	\$ (600)								\$ 84,332					\$ 83,732
Other Revenue	(12,060)													(12,060)
Expenses:														
Repairs and Maintenance		\$ (4,760)												\$ (4,760)
Outside Services			\$ 16,830											16,830
Water Testing														(2,535)
Rate Case Expense				\$ 10,000										10,000
Miscellaneous Expense					\$ (1,388)									(1,388)
Depreciation & Amortization						\$ 15,151								15,151
Property Taxes							\$ (6,537)			\$ 1,609				(4,927)
Income Taxes								\$ (13,270)			\$ 18,509			5,239
Interest Expense											\$ (2,869)			(2,869)

Adjustment Descriptions:

- A - Adjust revenue/bill count for customer leak (\$600), remove revenue related to TA Grant that is non-recurring (\$10,900), and reclassify amount (\$1,160) that is not revenue.
- B - Reclassify expenditures between repairs and maintenance and asset accounts as reflected on Schedule C-2Wa.
- C - Adjust Outside Services expense per Schedule C-2Wb.
- D - Increase rate case expense to recover estimated costs of \$30,000 for this rate case, amortized over 3 years, (\$30,000/3).
- E - Remove sales taxes paid for a prior period.
- F - Increase depreciation expense based upon proposed depreciation rates per schedule C-2Wc.
- G - Adjust property taxes at current rates per calculation on Schedule C-2Wd.
- H - Adjust income taxes at current rates per calculation on Schedule C-2We.
- I - Increase metered water revenue per calculation on Schedule A-1.
- J - Increase property taxes for proposed rates per calculation on Schedule C-2Wd.
- K - Increase income taxes for proposed rates per calculation on Schedule C-2Wf.
- L - Decrease water testing expense to adopt adjustment reflected on Staff Schedule JMM-W10.
- M - Adjust interest expense for current loans based on amortization schedule.

Note: All pro forma adjustments should be adequately explained on this schedule or on attachments thereto.

Supporting Schedules:
Recap Schedules:
C-2Wa through C-2Wf
(a) C-1Wf

ty Company, Inc. - Water Division
89A-11-0402 and W-01689A-11-0401
cember 31, 2010

Rebuttal Schedule C-2Wa
Title: Income Statement Proforma
Adjustments

OF REPAIRS AND MAINTENANCE EXPENSE ADJUSTMENT

Vendor	Description	Amount
Dana Kepner	Moved to Account 334	\$ (258)
Pumps, Inc.	Moved to Account 307	(342)
Dana Kepner	Moved to Account 333	(208)
Dana Kepner	Moved to Account 334	(250)
Dana Kepner	Moved to Account 335	(1,764)
HD Supply Waterworks, LTD	Moved to Account 334	(302)
Dana Kepner	Moved to Account 334	(655)
Dana Kepner	Moved to Account 334	(327)
Dana Kepner	Moved to Account 334	(300)
Garcia and Sons LLC	Moved to Account 335	(600)
Jim's Electric INC	Moved from Account 311	75
Jim's Electric INC	Moved from Account 311	170
Total Adjustment B		<u>\$ (4,760)</u>

Clear Springs Utility Company, Inc. - Water Division
Docket No. WS-01689A-11-0402 and W-01689A-11-0401
Test Year Ended December 31, 2010

Rebuttal Schedule C-2Wb
Title: Income Statement Proforma
Adjustments

DETAIL OF OUTSIDE SERVICES EXPENSE ADJUSTMENT

Date	Invoice #	Contract Amount	Billed Amount	Difference
02-Feb-10	3476	\$ 7,193	\$ 7,193	\$ -
10-Mar-10	3510	7,193	7,193	-
15-Mar-10	3542	7,305	7,305	-
15-Apr-10	3638	7,224	7,224	-
10-May-10	3708	7,265	5,157	2,108
14-Jun-10	3740	7,295	5,184	2,111
08-Jul-10	3793	7,224	5,121	2,103
09-Aug-10	3832	7,224	5,121	2,103
09-Sep-10	3883	7,203	5,103	2,100
11-Oct-10	3935	7,152	5,058	2,094
07-Nov-10	3986	7,254	5,148	2,106
09-Dec-10	4036	7,234	5,130	2,104
Totals		\$ 86,767	\$ 69,938	
Total Adjustment C				\$ 16,830

DETAIL OF PROPOSED DEPRECIATION EXPENSE CALCULATION

Account Number	Description	Plant @ End of Test Year 31-Dec-10	Proposed Depreciation Rate	Ref	Proposed Depreciation Expense
301	Intangibles	\$ 1,625	0.00%		\$ -
303	Land & Land Rights	210	0.00%		-
304	Structures & Improvements	28,565	3.33%	1	-
307	Wells & Springs	179,255	3.33%		5,969
311	Pumping Equipment	184,686	12.50%	2	7,928
320	Water Treatment Equipment	-			-
320.1	Water Treatment Plants	-	3.33%		-
320.2	Solution Chemical Feeders	4,574	20.00%		915
330	Distribution Reservoirs & Standpipes	16,011	2.22%		-
330.1	Storage Tanks	122,423	2.22%		2,718
330.2	Pressure Tanks.	-	5.00%		-
331	Transmission & Distribution Mains	349,433	2.00%		6,989
333	Services	121,259	3.33%		4,038
334	Meters & Meter Installations	83,678	8.33%	3	1,422
335	Hydrants	12,214	2.00%	4	47
339	Other Plant and Misc Equipment	-	6.67%		-
340	Office Furniture & Equipment	3,274	6.67%	5	-
340.1	Computers and Software	-	20.00%		-
341	Transportation Equipment	-	20.00%		-
343	Tools, Shop, and Garage Equipment	6,727	5.00%	6	-
345	Power Operated Equipment	-	5.00%		-
348	Other Tangible Plant	-	0.00%		-
Totals		\$ 1,113,934			\$ 30,026
CIAC Amortization ⁷					(1,918)
Proposed Depreciation Expense					\$ 28,108
Test Year Depreciation Expense					12,957
Total Adjustment F					\$ 15,151

- 1 The total amount in Structures and Improvements is fully depreciated.
- 2 \$121,259 of the total amount in account 311 - Pumping Equipment, is fully depreciated.
- 3 \$66,606 of the total amount in account 334 - Meters & Meter Installations, is fully depreciated.
- 4 \$9,850 of the total amount in account 335 - Hydrants, is fully depreciated.

DETAIL OF PROPOSED PROPERTY TAX EXPENSE CALCULATION

	Test Year as Adjusted	Company at Proposed Rates
Adjusted 2010 Test Year Revenue	\$ 168,250	\$ 168,250
Weight Factor	2	2
Subtotal	\$ 336,500	\$ 336,500
Company Recommended Revenue	168,250	252,582
Subtotal	\$ 504,750	\$ 589,082
Number of Years	3	3
Three Year Revenue Average	\$ 168,250	\$ 196,361
AZ Department of Revenue Multiplier	2	2
Revenue Base Value	\$ 336,500	\$ 392,722
Plus 10% of CWIP	2,300	2,300
Less: Net Book Value of Licensed Vehicles	-	-
Full Cash Value	\$ 338,800	\$ 395,022
Assessment Ratio	20.50%	20.50%
Assessment Value	\$ 69,454	\$ 80,979
Composite Property Tax Rate *	13.9638%	13.9638%
Adjusted Test Year Property Tax Expense	\$ 9,698	
Actual Test Year Property Tax Expense	16,235	
Total Adjustment G	\$ (6,537)	
Projected Property Tax Expense	\$ 11,308	
Adjusted Test Year Property Tax Expense	9,698	
Total Adjustment J	\$ 1,609	
<i>* Property tax composite rate calculation:</i>		
Assessed Value per 2010 Property Tax Notices	\$ 75,050	
Property Tax due per test year Notice	10,480	
Composite Property Tax Rate	13.9638%	
<i>For Gross Revenue Conversion Factor:</i>		
Change in Property Tax Expense	\$ 1,609	
Change in Revenue Requirement	84,332	
Change in Property Tax per Dollar Increase in Revenue	1.9084%	

Clear Springs Utility Company, Inc. - Water Division
Docket No. WS-01689A-11-0402 and W-01689A-11-0401
Test Year Ended December 31, 2010

Rebuttal Schedule C-2We
Title: Income Statement Proforma
Adjustments

CALCULATION OF TEST YEAR INCOME TAX EXPENSE ADJUSTMENT

STATE INCOME TAX CALCULATION:

Operating Income/(Loss) Before Taxes	\$	(51,645)	
Plus Interest Income		446	
Less Interest Expense		(6,245)	
Arizona Taxable Income	\$	(57,444)	
Arizona Income Tax Rate		6.9680%	
Arizona Income Tax Expense	\$		(4,003)

FEDERAL INCOME TAX CALCULATION:

Operating Income/(Loss) Before Taxes	\$	(51,645)	
Plus Interest Income		446	
Less Arizona Income Tax		(4,003)	
Less Interest Expense		(6,245)	
Federal Taxable Income	\$	(61,447)	
Federal Income Tax Rate		15.0000%	
Federal Income Tax Expense	\$		(9,217)
Adjusted Test Year Income Tax Expense	\$		(13,220)
Test Year Income Tax Expense			50
Total Adjustment H to Income Taxes	\$		(13,270)

Clear Springs Utility Company, Inc. - Water Division
Docket No. WS-01689A-11-0402 and W-01689A-11-0401
Test Year Ended December 31, 2010

Rebuttal Schedule C-2Wf
Title: Income Statement Proforma
Adjustments

CALCULATION OF PROPOSED INCOME TAX EXPENSE ADJUSTMENT

Revenue	\$ 252,582		
Less Operating Expenses Excluding Income Tax	(221,505)		
Less Interest Expense	(6,245)		
Plus Interest Income	446		
Arizona Taxable Income		\$ 25,279	
Arizona Income Tax Rate		6.9680%	
Arizona Income Tax Expense			\$ 1,761
Federal Taxable Income		\$ 23,517	
Federal Tax on 1st Income Range (\$1 - \$50,000) @ 15%		\$ 3,528	
Federal Tax on 2nd Income Range (\$50,001 - \$75,000) @ 25%			
Federal Tax on 3rd Income Range (\$75,001 - \$100,000) @ 34%			
Federal Tax on 4th Income Range (\$100,001 - \$335,000) @ 39%			
Federal Tax on 5th Income Range (\$335,001 - \$10M) @ 34%			
Total Federal Income Tax Expense			3,528
Combined Federal and State Income Tax Expense		\$ 5,289	
Adjusted Test Year Income Tax Expense			(13,220)
Adjustment K to Proposed Income Tax Expense		\$ 18,509	
Required Operating Income	\$ 25,788		
Adjusted Test Year Operating Income/(Loss)	(38,426)		
Proposed Increase In Operating Income		\$ 64,214	
Income Taxes On Proposed Revenue	\$ 5,289		
Income Taxes On Test Year Revenue	(13,220)		
Proposed Revenue Increase For Income Taxes		\$ 18,509	
Property Taxes On Proposed Revenue	\$ 11,308		
Property Taxes On Test Year Revenue	9,698	\$ 1,609	
Proposed Revenue Increase For Property Taxes			
Total Proposed Increase In Revenue		\$ 84,332	

Clear Springs Utility Company, Inc. - Sewer Division
Docket No. WS-01689A-11-0402 and W-01689A-11-0401
Test Year Ended December 31, 2010

Rebuttal Schedule C-1S
Title: Adjusted Test Year Income Statement

Explanation:
Schedule showing statement of income for the test year,
including pro forma adjustments.

Required for: All Utilities	<input checked="" type="checkbox"/>
Class A	<input type="checkbox"/>
Class B	<input type="checkbox"/>
Class C	<input type="checkbox"/>
Class D	<input type="checkbox"/>
Spec'l Reqmt	<input type="checkbox"/>

Description	Actual for Test		Proforma		Test Year		Proposed		Adjusted Test	
	Year Ended (a)	Ref	Adjustments	(b)	Results After	Ref	Rate	Increase	Year With	Rate Increase
	31-Dec-10				Pro Forma					
					Adjustments					
Operating Revenues:										
521 Flat Rate Revenues					\$ -				\$ -	
522 Measured Revenues	47,519	A	(147)		47,372		-		47,372	
536 Other Wastewater Revenues	430				430				430	
Total Operating Revenue	\$ 47,949		\$ (147)		\$ 47,802		\$ -		\$ 47,802	
Operating Expenses:										
701 Salaries & Wages	\$ -				\$ -				\$ -	
710 Purchased Wastewater Treatment					-				-	
711 Sludge Removal Expense					-				-	
715 Purchased Power	3,313				3,313				3,313	
716 Fuel for Power Production					-				-	
718 Chemicals					-				-	
720 Materials and Supplies	939				939				939	
721 Office Supplies	431				431				431	
731 Contractual Services - Professional	8,550	B	14,720		23,270				23,270	
736 Contractual Services - Other					-				-	
Water Testing	-	G	2,751		2,751				2,751	
750 Transportation Expense	341				341				341	
755 Insurance Expense					-				-	
766 Rate Case Expense	-	C	3,500		3,500				3,500	
775 Miscellaneous Expense					-				-	
403 Depreciation & Amortization	1,885	D	(1,581)		304				304	
408 Taxes Other Than Income					-				-	
408.11 Property Taxes	4,545	E	(1,811)		2,734				2,734	
409 Income Taxes	-	F	2,150		2,150				2,150	
427.4 Interest on Customer Deposits	61				61				61	
Total Operating Expenses	\$ 20,065		\$ 19,729		\$ 39,794		\$ -		\$ 39,794	
OPERATING INCOME/(LOSS)	\$ 27,884		\$ (19,876)		\$ 8,008	(c)	\$ -		\$ 8,008	
Other Income/(Expense):										
419 Interest Income	\$ 115				\$ 115				\$ 115	
421 Non-Utility Income					-				-	
426 Miscellaneous Non-Utility Expenses					-				-	
427.3 Interest Expense					-				-	
Total Other Income/(Expense)	\$ 115		\$ -		\$ 115		\$ -		\$ 115	
NET INCOME/(LOSS)	\$ 27,999		\$ (19,876)		\$ 8,123		\$ -		\$ 8,123	

Note: For combination utilities, above information should be presented in total and by department.

Supporting Schedules:
(a) E-2
(b) C-2S

Recap Schedules:
(c) A-1, C-1T

Clear Springs Utility Company, Inc. - Sewer Division
Docket No. WS-01689A-11-0402 and W-01689A-11-0401
Test Year Ended December 31, 2010

Rebuttal Schedule C-2S
Title: Income Statement Proforma
Adjustments

Explanation:
Schedule itemizing pro forma adjustments to the test year income statement.

Required for:	All Utilities	<input checked="" type="checkbox"/>
	Class A	<input type="checkbox"/>
	Class B	<input type="checkbox"/>
	Class C	<input type="checkbox"/>
	Class D	<input type="checkbox"/>
	Spec'l Reqmt	<input type="checkbox"/>

Description	A	B	C	D	E	F	G	Total (a)	
								Adjustments	
Revenues:									
Measured Revenues	\$ (147)							\$	(147)
Expenses:									
Outside Services		\$ 14,720						\$	14,720
Water Testing							\$ 2,751		2,751
Rate Case Expense			\$ 3,500						3,500
Depreciation & Amortization				\$ (1,581)					(1,581)
Property Taxes					\$ (1,811)				(1,811)
Income Taxes						\$ 2,150			2,150

Adjustment Descriptions:

- A - Adjust revenue and bill count for customer leak.
- B - Adjust Outside Services expense per Schedule C-2Sa.
- C - Increase rate case expense to recover estimated costs of \$10,500 for this rate case, amortized over 3 years, (\$10,500/3).
- D - Adjust depreciation expense based upon proposed depreciation rates per schedule C-2Sb.
- E - Adjust property taxes at current rates per calculation on Schedule C-2Sc.
- F - Adjust income taxes at current rates per calculation on Schedule C-2Sd.
- G - Increase water testing expense to adopt adjustment reflected on Staff Schedule JMM-WW8.

Note: All pro forma adjustments should be adequately explained on this schedule or on attachments thereto.

Supporting Schedules:
C-2Sa through C-2Sd

Recap Schedules:
(a) C-1S

Rebuttal Schedule C-2Sa
Title: Income Statement Proforma
Adjustments

[illegible]

DETAIL OF PROPOSED DEPRECIATION EXPENSE CALCULATION

Account Number	Description	Plant @ End of Test Year 31-Dec-10	Proposed Depreciation Rate	Ref	Proposed Depreciation Expense
351	Organization	\$ -			\$ -
353	Land & Land Rights	4,654	0.00%		-
354	Structures & Improvements	9,504	3.33%		316
355	Power Generation Equipment	-	5.00%		-
360	Collection Sewers - Force	276,318	2.00%	1	205
361	Collection Sewers - Gravity	-			-
362	Special Collecting Structures	-			-
363	Services to Customers	9,880	2.00%		198
364	Flow Measuring Devices	-			-
365	Flow Measuring Installations	-			-
370	Receiving Wells	-			-
371	Pumping Equipment	51,208	12.50%	2	662
380	Treatment and Disposal Equipment	487	5.00%		24
381	Plant Sewers	-			-
382	Outfall Sewer Lines	-			-
389	Other Plant & Misc Equipment	-			-
390	Office Furniture & Equipment	-			-
390.1	Computers and Software	-			-
391	Transportation Equipment	863	20.00%	3	-
393	Tools, Shop, and Garage Equipment	2,061	5.00%		103
394	Laboratory Equipment	-			-
395	Power Operated Equipment	-			-
398	Other Tangible Plant	-			-
Totals		\$ 354,975			\$ 1,508
CIAC Amortization ⁴					(1,204)
Proposed Depreciation Expense					\$ 304
Test Year Depreciation Expense					1,885
Total Adjustment D					\$ (1,581)

- 1 \$266,052 of the total amount in account 360 - Collection Sewers-Force, is fully depreciated
- 2 \$45,916 of the total amount in account 371 - Pumping Equipment, is fully depreciated.
- 3 The total amount in account 391 - Transportation Equipment, is fully depreciated
- 4 As calculated on Schedule B-2c.

DETAIL OF PROPOSED PROPERTY TAX EXPENSE CALCULATION

	Test Year as Adjusted	Company at Proposed Rates
Adjusted 2010 Test Year Revenue	\$ 47,802	\$ 47,802
Weight Factor	2	2
Subtotal	\$ 95,604	\$ 95,604
Company Recommended Revenue	47,802	47,802
Subtotal	\$ 143,406	\$ 143,406
Number of Years	3	3
Three Year Revenue Average	\$ 47,802	\$ 47,802
AZ Department of Revenue Multiplier	2	2
Revenue Base Value	\$ 95,604	\$ 95,604
Plus 10% of CWIP	-	-
Less: Net Book Value of Licensed Vehicles	-	-
Full Cash Value	\$ 95,604	\$ 95,604
Assessment Ratio	20.50%	20.50%
Assessment Value	\$ 19,599	\$ 19,599
Revised Composite Property Tax Rate *	13.9486%	13.9486%
Adjusted Test Year Property Tax Expense	\$ 2,734	
Actual Test Year Property Tax Expense	4,545	
Total Adjustment E	\$ (1,811)	
Projected Property Tax Expense	\$ 2,734	
Adjusted Test Year Property Tax Expense	2,734	
No Adjustment	\$ -	
 <i>* Property tax composite rate calculation:</i>		
Assessed Value per 2010 Property Tax Notices	\$ 20,790	
Property Tax due per test year Notice	2,900	
Composite Property Tax Rate	13.9486%	

Clear Springs Utility Company, Inc. - Sewer Division
Docket No. WS-01689A-11-0402 and W-01689A-11-0401
Test Year Ended December 31, 2010

Rebuttal Schedule C-2Sd
Title: Income Statement Proforma
Adjustments

CALCULATION OF TEST YEAR INCOME TAX EXPENSE ADJUSTMENT

STATE INCOME TAX CALCULATION:

Operating Income/(Loss) Before Taxes	\$	10,158	
Plus Interest Income		115	
Less Interest Expense		-	
Arizona Taxable Income	\$	10,273	
Arizona Income Tax Rate		6.9680%	
Arizona Income Tax Expense	\$		716

FEDERAL INCOME TAX CALCULATION:

Operating Income/(Loss) Before Taxes	\$	10,158	
Plus Interest Income		115	
Less:			
Arizona Income Tax	\$	(716)	
Estimated Interest Expense		-	
Federal Taxable Income	\$	9,557	
Federal Income Tax Rate		15.0000%	
Federal Income Tax Expense	\$		1,434

Adjusted Test Year Income Tax Expense \$ 2,150

Test Year Income Tax Expense -

Total Adjustment F to Income Taxes \$ 2,150

Clear Springs Utility Company, Inc. - Water and Sewer Divisions
Docket No. WS-01689A-11-0402 and W-01689A-11-0401
Test Year Ended December 31, 2010

Rebuttal Schedule C-3
Title: Computation of Gross Revenue
Conversion Factor

Explanation:
Schedule showing incremental taxes on gross revenues and
the development of a gross revenue conversion factor.

Required for: All Utilities
Class A
Class B
Class C
Class D
Spec'l Reqmt

X

Description	Calculation
Water Division	
Revenue	1.000
Combined Federal And State Tax Rate	(0.219)
Property Tax Rate	(0.019)
Subtotal (Operating Income %)	0.761
Gross Revenue Conversion Factor = 1/Operating Income %	1.313
Sewer Division	
Revenue	1.000
Combined Federal And State Tax Rate	
Property Tax Rate	
Subtotal (Operating Income %)	1.000
Gross Revenue Conversion Factor = 1/Operating Income %	1.000
Total Company	
Revenue	1.000
Combined Federal And State Tax Rate	(0.219)
Property Tax Rate	(0.019)
Subtotal (Operating Income %)	0.761
Gross Revenue Conversion Factor = 1/Operating Income %	1.313

CALCULATION OF COMBINED FEDERAL AND STATE TAX RATE:

Operating Income Before Taxes (Arizona Taxable Income)	100.0000%
Arizona State Income Tax Rate	6.9680%
Federal Taxable Income	93.0320%
Federal Income Tax Rate	15.0000%
Effective Federal Income Tax Rate	13.9548%
Combined Federal And State Income Tax Rates	21.9480%

Note: All tax percentages shall include the effect of other taxes upon the incremental rate. The applicant may use other formulas in developing the conversion factor.

Supporting Schedules:

Recap Schedules:
A-1

Clear Springs Utility Company, Inc. - Water and Sewer Divisions
Docket No. WS-01689A-11-0402 and W-01689A-11-0401
Test Year Ended December 31, 2010

Rebuttal Schedule D-1
Title: Summary Cost of Capital

Explanation:
Schedule showing elements of capital structure
and the related cost.

Required for: All Utilities	<input checked="" type="checkbox"/>
Class A	<input type="checkbox"/>
Class B	<input type="checkbox"/>
Class C	<input type="checkbox"/>
Class D	<input type="checkbox"/>
Specd Reqmt	<input type="checkbox"/>

Invested Capital	End of Test Year				End of Projected Year			
	Amount	%	Cost Rate (e)	Composite Cost %	Amount	%	Cost Rate (e)	Composite Cost %
Long-Term Debt (a)	\$ 54,576	80.21%	6.75%	5.41%	\$ 54,576	80.21%	6.75%	5.41%
Long-Term Debt (a)	35,059	51.52%	6.38%	3.29%	35,059	51.52%	6.38%	3.29%
Preferred Stock (b)	-				-			
Common Equity (c)	(21,592)	-31.73%		0.00%	(21,592)	-31.73%	0.00%	0.00%
Short-Term Debt (a)	-				-			
Totals	<u>\$ 68,043</u>	<u>100.00%</u>		<u>8.70%</u>	<u>\$ 68,043</u>	<u>100.00%</u>		<u>8.70%</u>

Supporting Schedules:

- (a) D-2
- (b) D-3
- (c) D-4
- (d) E-1

Recap Schedules:

- (e) A-3

Clear Springs Utility Company, Inc. - Water and Sewer Divisions
Docket No. WS-01689A-11-0402 and W-01689A-11-0401
Test Year Ended December 31, 2010

Rebuttal Schedule E-1
Title: Comparative Balance Sheet

Explanation:

Schedule showing comparative balance sheets at the end of the test year and the 2 fiscal years ended prior to the test year.

Required for:	All Utilities	<input checked="" type="checkbox"/>
	Class A	<input type="checkbox"/>
	Class B	<input type="checkbox"/>
	Class C	<input type="checkbox"/>
	Class D	<input type="checkbox"/>
	Specd Reqmt	<input type="checkbox"/>

	Test Year At 31-Dec-10	Prior Year 31-Dec-09	Prior Year 31-Dec-08
ASSETS			
Property, Plant & Equipment: (a)			
101 Utility Plant In Service	\$ 1,468,909	\$ 1,415,925	\$ 1,389,354
103 Property Held for Future Use		-	-
105 Construction Work in Process	23,000	-	-
108 Accumulated Depreciation	(1,239,203)	(1,104,827)	(1,089,605)
Total Property Plant & Equipment	\$ 252,706	\$ 311,098	\$ 299,749
Current Assts:			
131 Cash	\$ 30,036	\$ 26,724	\$ 33,804
135 Temporary Cash Investments	16,386	16,271	107,790
141 Customer Accounts Receivable	12,821	17,424	15,265
146 Notes/Receivables from Associated Companies	88,161	58,201	50,201
151 Plant Material and Supplies	1,602	1,602	1,602
162 Prepayments			
174 Miscellaneous Current and Accrued Assets			
Total Current Assets	\$ 149,006	\$ 120,222	\$ 208,662
TOTAL ASSETS	\$ 401,712	\$ 431,320	\$ 508,411
LIABILITIES and CAPITAL			
Capitalization: (b)			
201 Common Stock Issued	\$ 1,000	\$ 1,000	\$ 1,000
211 Paid in Capital in Excess of Par Value	2,637,759	2,637,759	2,637,759
215 Retained Earnings	(2,660,351)	(2,589,551)	(2,487,405)
218 Proprietary Capital	-	-	-
Total Capital	\$ (21,592)	\$ 49,208	\$ 151,354
Current Liabilities:			
231 Accounts Payable	\$ 27,358	\$ 26,465	\$ 10,237
232 Notes Payable (Current Portion)			
234 Notes/Accounts Payable to Associated Companies	98,161	58,201	51,937
235 Customer Deposits	46,541	47,312	62,713
236 Accrued Taxes	1,097	852	867
241 Miscellaneous Current and Accrued Liabilities			
Total Current Liabilities	\$ 173,157	\$ 132,830	\$ 125,754
224 Long-Term Debt (Over 12 Months)	\$ 89,635	\$ 94,500	\$ 99,054
Deferred Credits:			
252 Advances In Aid Of Construction	\$ 119,271	\$ 139,242	\$ 115,892
271 Contributions In Aid Of Construction	353,704	327,719	327,719
272 Less: Amortization of Contributions	(312,463)	(312,179)	(311,362)
281 Accumulated Deferred Income Tax			
Total Deferred Credits	\$ 160,512	\$ 154,782	\$ 132,249
Total Liabilities	\$ 423,304	\$ 382,112	\$ 357,057
TOTAL LIABILITIES and CAPITAL	\$ 401,712	\$ 431,320	\$ 508,411

Supporting Schedules:
(a) E-5T

Recap Schedules:
(b) A-3

Clear Springs Utility Company, Inc. - Water and Sewer Divisions Rebuttal Schedule E-2
Docket No. WS-01689A-11-0402 and W-01689A-11-0401 **Title: Comparative Income**
Test Year Ended December 31, 2010 **Statements**

Explanation:
Schedule showing comparative income statements for the test year and the 2 fiscal years ended prior to the test year.

Required for: All Utilities	<input checked="" type="checkbox"/>
Class A	<input type="checkbox"/>
Class B	<input type="checkbox"/>
Class C	<input type="checkbox"/>
Class D	<input type="checkbox"/>
Specd Reqmt	<input type="checkbox"/>

	Test Year Ended 31-Dec-10	Prior Year Ended 31-Dec-09	Prior Year Ended 31-Dec-08
Revenues: (a)			
461 Metered Water Revenue	\$ 165,631	\$ 175,260	\$ 168,060
474 Other Water Revenue	15,279	(26)	887
521 Flat Rate Revenues	-		
522 Measured Revenues	47,519	49,371	48,809
536 Other Wastewater Revenues	430	120	10
Total Revenues	\$ 228,859	\$ 224,725	\$ 217,766
Operating Expenses (a)			
601 Salaries & Wages	\$ -	\$ -	\$ -
610 Purchased Water			
615 Purchased Power	40,551	31,973	27,219
618 Chemicals	1,811	2,154	2,655
620 Repairs and Maintenance	16,928	5,399	9,473
621 Office Supplies and Expense	9,437	5,989	5,086
630 Outside Services	75,410	100,619	85,035
635 Water Testing	7,172	1,350	3,054
641 Rents	-		
650 Transportation Expense	6,938	12,361	6,561
657 Insurance - General liability	3,443	3,433	3,404
659 Insurance - Health and Life	-		
666 Regulatory Commission Expense - Rate Case	-		
675 Miscellaneous Expense	1,928		
701 Salaries & Wages	-		
710 Purchased Wastewater Treatment	-		
711 Sludge Removal Expense	-		
715 Purchased Power	3,313	3,048	3,739
716 Fuel for Power Production	-		
718 Chemicals	-		
720 Materials and Supplies	939		
721 Office Supplies	431		
731 Contractual Services - Professional	8,550	29,884	38,390
736 Contractual Services - Other	-	1,446	4,903
740 Rents	-		
750 Transportation Expense	341	2,486	2,263
755 Insurance Expense	-		
766 Rate Case Expense	-		
775 Miscellaneous Expense	-	100	581
403 Depreciation & Amortization	14,842	14,405	14,598
408 Taxes Other Than Income	-		
408.11 Property Taxes	20,780	14,812	21,788
409 Income Tax	50		
427.4 Interest on Customer Deposits	386		
Total Operating Expenses	\$ 213,250	\$ 229,459	\$ 228,749
OPERATING INCOME/(LOSS)	\$ 15,609	\$ (4,734)	\$ (10,983)
Other Income/(Expense)			
419 Interest and Dividend Income	\$ 561	\$ 1,283	\$ 3,418
421 Non-Utility Income	-	570	249
426 Miscellaneous Non-Utility Expense	-		
427.3 Interest Expense	(3,376)	(6,475)	(7,598)
Total Other Income/(Expense)	\$ (2,815)	\$ (4,622)	\$ (3,931)
NET INCOME/(LOSS)	\$ 12,794	\$ (9,356)	\$ (14,914)

Supporting Schedules:
(a) E-6W, E-6S

Recap Schedules:
A-2

Clear Springs Utility Company, Inc. - Water and Sewer Divisions
Docket No. WS-01689A-11-0402 and W-01689A-11-0401
Test Year Ended December 31, 2010

Rebuttal Schedule E-5T
Title: Detail of Utility Plant

Explanation:
Schedule showing utility plant balance, by detailed account number, at the end of the test year and the end of the prior fiscal year.

Required for: All Utilities ☒
Class A ☐
Class B ☐
Class C ☐
Class D ☐
Specd Reqmt ☐

Total Company

Account Number	Description	End of Prior Year at 31-Dec-09	Net Additions	End of Test Year at 31-Dec-10
301	Organization	\$ 1,625	\$ -	\$ 1,625
303	Land & Land Rights	210	-	210
304	Structures & Improvements	28,565	-	28,565
307	Wells & Springs	178,914	341	179,255
311	Pumping Equipment	168,711	15,975	184,686
320	Water Treatment Equipment	-	-	-
320.1	Water Treatment Plants	-	-	-
320.2	Solution Chemical Feeders	4,574	-	4,574
330	Distribution Reservoirs & Standpipes	16,011	-	16,011
330.1	Storage Tanks	122,423	-	122,423
330.2	Pressure Tanks	-	-	-
331	Transmission & Distribution Mains	334,533	14,900	349,433
333	Services	108,828	12,431	121,259
334	Meters & Meter Installations	79,659	4,019	83,678
335	Hydrants	9,850	2,364	12,214
339	Other Plant and Misc Equipment	-	-	-
340	Office Furniture & Equipment	3,274	-	3,274
340.1	Computers and Software	-	-	-
341	Transportation Equipment	-	-	-
343	Tools, Shop, and Garage Equipment	6,727	-	6,727
345	Power Operated Equipment	-	-	-
348	Other Tangible Plant	-	-	-
351	Organization	-	-	-
353	Land & Land Rights	4,654	-	4,654
354	Structures & Improvements	9,504	-	9,504
355	Power Generation Equipment	-	-	-
360	Collection Sewers - Force	273,018	3,300	276,318
361	Collection Sewers - Gravity	-	-	-
362	Special Collecting Structures	-	-	-
363	Services to Customers	9,880	-	9,880
364	Flow Measuring Devices	-	-	-
365	Flow Measuring Installations	-	-	-
371	Pumping Equipment	-	-	-
370	Receiving Wells	51,058	150	51,208
380	Treatment and Disposal Equipment	487	-	487
381	Plant Sewers	-	-	-
382	Outfall Sewer Lines	-	-	-
389	Other Plant & Misc Equipment	-	-	-
390	Office Furniture & Equipment	-	-	-
390.1	Computers and Software	-	-	-
391	Transportation Equipment	863	-	863
393	Tools, Shop, and Garage Equipment	2,061	-	2,061
394	Laboratory Equipment	-	-	-
395	Power Operated Equipment	-	-	-
398	Other Tangible Plant	-	-	-
	Total Plant In Service	\$ 1,415,429	\$ 53,480	\$ 1,468,909
108	Accumulated Depreciation	(1,208,939)	(30,264)	(1,239,203)
	Net Plant In Service	\$ 206,490	\$ 23,216	\$ 229,706
103	Property Held for Future Use	\$ -	\$ -	\$ -
105	Construction Work in Process	-	23,000	23,000
	Total Net Plant	\$ 229,490	\$ 46,216	\$ 252,706

Supporting Schedules:
E-5W, E-5S

Recap Schedules:
E-1 A-4

Clear Springs Utility Company, Inc. - Water Division
Docket No. WS-01689A-11-0402 and W-01689A-11-0401
Test Year Ended December 31, 2010

Rebuttal Schedule E-5W
Title: Detail of Utility Plant

Explanation:
Schedule showing utility plant balance, by detailed account number, at the end of the test year and the end of the prior fiscal year.

Required for: All Utilities ☒
Class A ☐
Class B ☐
Class C ☐
Class D ☐
Spec'l Reqmt ☐

Water Division

Account Number	Description	End of Prior Year at 31-Dec-09	Net Additions	End of Test Year at 31-Dec-10
301	Organization	\$ 1,625		\$ 1,625
303	Land & Land Rights	210		210
304	Structures & Improvements	28,565		28,565
307	Wells & Springs	178,914	341	179,255
311	Pumping Equipment	168,711	15,975	184,686
320	Water Treatment Equipment	-		-
320.1	Water Treatment Plants	-		-
320.2	Solution Chemical Feeders	4,574		4,574
330	Distribution Reservoirs & Standpipes	16,011		16,011
330.1	Storage Tanks	122,423		122,423
330.2	Pressure Tanks	-		-
331	Transmission & Distribution Mains	334,533	14,900	349,433
333	Services	108,828	12,431	121,259
334	Meters & Meter Installations	79,659	4,019	83,678
335	Hydrants	9,850	2,364	12,214
339	Other Plant and Misc Equipment			-
340	Office Furniture & Equipment	3,274		3,274
340.1	Computers and Software			-
341	Transportation Equipment			-
343	Tools, Shop, and Garage Equipment	6,727		6,727
345	Power Operated Equipment			-
348	Other Tangible Plant			-
Total Water Plant In Service		\$ 1,063,904	\$ 50,030	\$ 1,113,934
108	Accumulated Depreciation	(881,984)	(28,475)	(910,460)
Net Plant In Service		\$ 181,920	\$ 21,555	\$ 203,474
103	Property Held for Future Use	\$ -	\$ -	\$ -
105	Construction Work in Process	-	23,000	23,000
Total Net Plant		\$ 204,920	\$ 44,555	\$ 226,474

Supporting Schedules:

Recap Schedules:
E-5T, A-4

Clear Springs Utility Company, Inc. - Sewer Division
Docket No. WS-01689A-11-0402 and W-01689A-11-0401
Test Year Ended December 31, 2010

Rebuttal Schedule E-5S
Title: Detail of Utility Plant

Explanation:
Schedule showing utility plant balance, by detailed account number, at the end of the test year and the end of the prior fiscal year.

Required for: All Utilities ☒
Class A ☐
Class B ☐
Class C ☐
Class D ☐
Spec'l Reqmt ☐

Sewer Division

Account Number	Description	End of Prior Year at 31-Dec-09	Net Additions	End of Test Year at 31-Dec-10
351	Organization	\$ -		\$ -
353	Land & Land Rights	4,654		4,654
354	Structures & Improvements	9,504		9,504
355	Power Generation Equipment	-		-
360	Collection Sewers - Force	273,018	3,300	276,318
361	Collection Sewers - Gravity			-
362	Special Collecting Structures			-
363	Services to Customers	9,880		9,880
364	Flow Measuring Devices			-
365	Flow Measuring Installations			-
370	Receiving Wells			-
371	Pumping Equipment	51,058	150	51,208
380	Treatment and Disposal Equipment	487		487
381	Plant Sewers			-
382	Outfall Sewer Lines			-
389	Other Plant & Misc Equipment			-
390	Office Furniture & Equipment			-
390.1	Computers and Software			-
391	Transportation Equipment	863		863
393	Tools, Shop, and Garage Equipment	2,061		2,061
394	Laboratory Equipment			
395	Power Operated Equipment			
398	Other Tangible Plant			
	Total Sewer Plant In Service	\$ 351,525	\$ 3,450	\$ 354,975
108	Accumulated Depreciation	(326,955)	(1,788)	(328,743)
	Net Plant In Service	\$ 24,570	\$ 1,662	\$ 26,232
103	Property Held for Future Use	\$ -		\$ -
105	Construction Work in Process	-		-
	Total Net Plant	\$ 24,570	\$ 1,662	\$ 26,232

Supporting Schedules:

Recap Schedules:
E-5T A-4

Clear Springs Utility Company, Inc. - Water Division
Docket No. WS-01689A-11-0402 and W-01689A-11-0401
Test Year Ended December 31, 2010

Rebuttal Schedule E-6W
Title: Comparative Departmental
Operating Income Statements

Explanation:
Schedule showing comparative departmental statements
of operating income for the test year and the 2 fiscal years
ended prior to the test year.

Required for: All Utilities ☐
Class A ☐
Class B ☐
Class C ☐
Class D ☐
Spec'l Reqmt ☒

<u>Water Division</u>	Test Year Ended 31-Dec-10	Prior Year Ended 31-Dec-09	Prior Year Ended 31-Dec-08
Operating Revenues:			
461 Metered Water Revenue	\$ 165,631	\$ 175,260	\$ 168,060
474 Other Water Revenue	15,279	(26)	887
Total Operating Revenue	\$ 180,910	\$ 175,234	\$ 168,947
Operating Expenses:			
601 Salaries & Wages	\$ -	\$ -	\$ -
610 Purchased Water	-	-	-
615 Purchased Power	40,551	15,664	27,219
618 Chemicals	1,811	2,154	2,655
620 Repairs & Maintenance	16,928	5,399	9,473
621 Office Supplies and Expense	9,437	22,298	5,086
630 Outside Services	75,410	100,619	85,035
635 Water Testing	7,172	1,350	3,054
641 Rental Expense	-	-	-
650 Transportation Expense	6,938	12,361	6,561
657 Insurance - General Liability	3,443	3,433	3,404
659 Insurance - Health and Life	-	-	-
666 Rate Case Expense	-	-	-
675 Miscellaneous Expense	1,928	-	-
403 Depreciation & Amortization	12,957	12,600	12,788
408 Taxes Other Than Income	-	-	-
408.11 Property Taxes	16,235	11,431	18,294
409 Income Taxes	50	-	-
427.4 Interest on Customer Deposits	325	-	-
Total Operating Expenses	\$ 193,185	\$ 187,309	\$ 173,569
OPERATING INCOME/(LOSS)	\$ (12,275)	\$ (12,075)	\$ (4,622)

* Including allocation of general and administrative expenses.

Supporting Schedules:

Recap Schedules:

Clear Springs Utility Company, Inc. - Sewer Division
Docket No. WS-01689A-11-0402 and W-01689A-11-0401
Test Year Ended December 31, 2010

Rebuttal Schedule E-6S
Title: Comparative Departmental
Operating Income Statements

Explanation:
Schedule showing comparative departmental statements
of operating income for the test year and the 2 fiscal years
ended prior to the test year.

Required for: All Utilities ☐
Class A ☐
Class B ☐
Class C ☐
Class D ☐
Spec'l Reqmt ☒

<u>Sewer Division</u>	Test Year Ended 31-Dec-10	Prior Year Ended 31-Dec-09	Prior Year Ended 31-Dec-08
Operating Revenues:			
521 Flat Rate Revenues	\$ -	\$ -	\$ -
522 Measured Revenues	47,519	49,371	48,809
536 Other Wastewater Revenues	430	120	10
Total Operating Revenue	\$ 47,949	\$ 49,491	\$ 48,819
Operating Expenses:			
701 Salaries & Wages	\$ -	\$ -	\$ -
710 Purchased Wastewater Treatment	-		
711 Sludge Removal Expense	-		
715 Purchased Power	3,313	3,048	3,739
716 Fuel for Power Production	-		
718 Chemicals	-		
720 Materials and Supplies	939		
721 Office Supplies	431		
731 Contractual Services - Professional	8,550	29,884	38,390
736 Contractual Services - Other	-	1,446	4,903
740 Rents	-		
750 Transportation Expense	341	2,486	2,263
755 Insurance Expense	-		
766 Rate Case Expense	-		
775 Miscellaneous Expense	-	100	581
403 Depreciation & Amortization	1,885	1,805	1,810
408 Taxes Other Than Income	-		
408.11 Property Taxes	4,545	3,381	3,494
409 Income Taxes	-		
427.4 Interest on Customer Deposits	61		
Total Operating Expenses	\$ 20,065	\$ 42,150	\$ 55,180
OPERATING INCOME/(LOSS)	\$ 27,884	\$ 7,341	\$ (6,361)

* Including allocation of general and administrative expenses.

Supporting Schedules:

Recap Schedules:
E-2

Clear Springs Utility Company, Inc. - Water Division
Docket No. WS-01689A-11-0402 and W-01689A-11-0401
Test Year Ended December 31, 2010

Rebuttal Schedule E-7
Title: Operating Statistics

Explanation:
Schedule showing key operating statistics in comparative format,
for the test year and the 2 fiscal years ended prior to the test year.

Required for:	All Utilities	<input checked="" type="checkbox"/>
	Class A	<input type="checkbox"/>
	Class B	<input type="checkbox"/>
	Class C	<input type="checkbox"/>
	Class D	<input type="checkbox"/>
	Spec'l Reqmt	<input type="checkbox"/>

	Test Year Ended 31-Dec-10	Prior Year Ended 31-Dec-09	Prior Year Ended 31-Dec-08
Water Statistics:			
Gallons Sold - By Class of Service:			
Residential	32,220,420	33,710,783	34,519,908
Commercial	6,326,580	6,619,217	6,778,092
Average Number of Customers - By Class of Service:			
Residential	511	521	540
Commercial	54	55	58
Average Annual Gallons Per Residential Customer	63,095	64,753	63,867
Average Annual Revenue Per Residential Customer	\$ 269.01	\$ 369.67	\$ 266.30
Pumping Cost Per 1,000 Gallons	\$ 1.0520	\$ 0.7928	\$ 0.6591

Clear Springs Utility Company, Inc. - Water and Sewer Divisions
Docket No. WS-01689A-11-0402 and W-01689A-11-0401
Test Year Ended December 31, 2010

Rebuttal Schedule E-8
Title: Taxes Charged to Operations

Explanation:
Schedule showing all significant taxes charged to operations for
the test year and the 2 fiscal years ended prior to the test year.

Required for: All Utilities

Class A

Class B

Class C

Class D

Spec'l Reqmt

X

Description	Test Year Ended 31-Dec-10	Prior Year Ended 31-Dec-09	Prior Year Ended 31-Dec-08
Water Division			
Federal Taxes:			
Income	\$ -	\$ -	\$ -
Payroll	-	-	-
Total Federal Taxes	\$ -	\$ -	\$ -
State Taxes:			
Income	\$ 50	\$ 50	\$ 50
Payroll	-	-	-
Total State Taxes	\$ 50	\$ 50	\$ 50
Local Taxes:			
Property	\$ 16,235	\$ 11,431	\$ 18,294
Total Water Division Taxes	\$ 16,285	\$ 11,481	\$ 18,344
Sewer Division			
Federal Taxes:			
Income			
Payroll			
Total Federal Taxes	\$ -	\$ -	\$ -
State Taxes:			
Income			
Payroll			
Total State Taxes	\$ -	\$ -	\$ -
Local Taxes:			
Property	\$ 4,545	\$ 3,381	\$ 3,494
Total Sewer Division Taxes	\$ 4,545	\$ 3,381	\$ 3,494
Total Company			
Federal Taxes	\$ -	\$ -	\$ -
State Taxes	50	50	50
Property Taxes	20,780	14,812	21,788
Total Company Taxes	\$ 20,830	\$ 14,862	\$ 21,838

NOTE: For combination utilities, the above should be presented in total and by department.

Supporting Schedules:

Recap Schedules:

Clear Springs Utility Company, Inc. - Water and Sewer Divisions
Docket No. WS-01689A-11-0402 and W-01689A-11-0401
Test Year Ended December 31, 2010

Rebuttal Schedule E-9
Title: Notes to Financial
Statements

Explanation:
Disclosure of important facts pertaining to the understanding
of the financial statements.

Required for: All Utilities	<input checked="" type="checkbox"/>
Class A	<input type="checkbox"/>
Class B	<input type="checkbox"/>
Class C	<input type="checkbox"/>
Class D	<input type="checkbox"/>
Specd Reqmt	<input type="checkbox"/>

Disclosures should include, but not be limited to the following:

1 Accounting Method.

The books of the entity are kept as accrual based, and also follow NARUC rules, including the USoA.

2 Depreciation lives and methods employed by major classification of utility property.

For years up to and including the test year 2010, the depreciation rates used were authorized in Decision 68443 for all water plant asset categories. Proposed depreciation rates are depicted on Schedules C-2Wc (water division). For the sewer division, depreciation rates were authorized in Decision 62583 at 5% for all sewer plant assets categories. Proposed depreciation rates are depicted on Schedule C-2Sb (sewer division).

3 Income tax treatment - normalization or flow through.

C-Corporation.

4 Interest rate used to charge interest during construction, if applicable.

Not Applicable.

Supporting Schedules:

Recap Schedules:

Clear Springs Utility Company, Inc. - Water and Sewer Divisions
Rebuttal Schedule F-1

Docket No. WS-01689A-11-0402 and W-01689A-11-0401

Title: Projected Income Statements -

Test Year Ended December 31, 2010

Present and Proposed Rates
Explanation:

Schedule showing an income statement for the projected year, compared with actual test year results, at present and proposed rates.

Required for: All Utilities

Class A

Class B

Class C

Class D

Spec'l Reqmt

X

	Projected Year		
	Actual	At Present	At Proposed
	Test Year	Rates	Rates
	Ended (a)	Year Ended (b)	Year Ended (b)
	31-Dec-10	31-Dec-11	31-Dec-11
Operating Revenues:			
461 Metered Water Revenue	\$ 165,631	\$ 165,031	\$ 249,363
474 Other Water Revenue	15,279	3,219	3,219
521 Flat Rate Revenues	-	-	-
522 Measured Revenues	47,519	47,372	47,372
536 Other Wastewater Revenues	430	430	430
Total Operating Revenue	\$ 228,859	\$ 216,052	\$ 300,384
Operating Expenses:			
601 Salaries & Wages	\$ -	\$ -	\$ -
610 Purchased Water	-	-	-
615 Purchased Power	40,551	40,551	40,551
618 Chemicals	1,811	1,811	1,811
620 Repairs & Maintenance	16,928	12,168	12,168
621 Office Supplies and Expense	9,437	9,437	9,437
630 Outside Services	75,410	92,240	92,240
635 Water Testing	7,172	4,637	4,637
641 Rental Expense	-	-	-
650 Transportation Expense	6,938	6,938	6,938
657 Insurance - General Liability	3,443	3,443	3,443
659 Insurance - Health and Life	-	-	-
666 Rate Case Expense	-	10,000	10,000
675 Miscellaneous Expense	1,928	540	540
701 Salaries & Wages	-	-	-
710 Purchased Wastewater Treatment	-	-	-
711 Sludge Removal Expense	-	-	-
715 Purchased Power	3,313	3,313	3,313
716 Fuel for Power Production	-	-	-
718 Chemicals	-	-	-
720 Materials and Supplies	939	939	939
721 Office Supplies	431	431	431
731 Contractual Services - Professional	8,550	23,270	23,270
736 Contractual Services - Other	-	-	-
Water Testing	-	2,751	2,751
750 Transportation Expense	341	341	341
755 Insurance Expense	-	-	-
766 Rate Case Expense	-	3,500	3,500
775 Miscellaneous Expense	-	-	-
403 Depreciation & Amortization	14,842	28,412	28,412
408 Property Taxes	20,780	12,432	14,042
408.11 Taxes Other Than Income	-	-	-
409 Income Taxes	50	(11,070)	7,439
427.4 Interest on Customer Deposits	386	386	386
Total Operating Expenses	\$ 213,250	\$ 246,470	\$ 266,588
OPERATING INCOME/(LOSS)	\$ 15,609	\$ (30,418)	\$ 33,797
Other Income/(Expense):			
419 Interest Income	\$ 561	\$ 561	\$ 561
421 Non-Utility Income	-	-	-
426 Miscellaneous Non-Utility Expenses	-	-	-
427 Interest Expense	(3,376)	(6,245)	(6,245)
Total Other Income/(Expense)	\$ (2,815)	\$ (5,684)	\$ (5,684)
NET INCOME/(LOSS)	\$ 12,794	\$ (36,102)	\$ 28,113
Earnings per share of average Common Stock Outstanding	\$ 4.26	\$ (12.03)	\$ 9.37
% Return on Common Equity	-59.253%	Double Negative	-130.199%
Supporting Schedules: (a) E-2	Recap Schedules: (b) A-2		

Clear Springs Utility Company, Inc. - Water and Sewer Divisions Rebuttal Schedule F-3
Docket No. WS-01689A-11-0402 and W-01689A-11-0401 **Title: Projected Construction**
Test Year Ended December 31, 2010 **Requirements**

Explanation:	Required for: All Utilities	<input checked="" type="checkbox"/>
Schedule showing projected annual construction requirements,	Class A	<input type="checkbox"/>
by property classification, for 1 to 3 years subsequent to the	Class B	<input type="checkbox"/>
test year compared with the test year.	Class C	<input type="checkbox"/>
	Class D	<input type="checkbox"/>
	Spec'l Reqmt	<input type="checkbox"/>

Property Classification	Actual Test Year Ended 12/31/2010	End of Projected Year 1
Water Division		
Production Plant	\$ 368,515	\$ 170,500
Transmission Plant	500,081	255,749
Other Plant	245,338	
Total Water Plant	\$ 1,113,934	\$ 426,249
Sewer Division		
Production Plant	\$ 487	\$ -
Transmission Plant	337,406	-
Other Plant	17,082	-
Total Sewer Plant	\$ 354,975	\$ -
Total Company		
Production Plant	\$ 369,002	\$ 170,500
Transmission Plant	837,487	255,749
Other Plant	262,420	-
Total Company Plant	\$ 1,468,909	\$ 426,249

NOTE: For combination utilities, the above should be presented by department.

Supporting Schedules:

Recap Schedules:

(a) F-2 & A-4

Clear Springs Utility Company, Inc. - Water and Sewer Divisions
Docket No. WS-01689A-11-0402 and W-01689A-11-0401
Test Year Ended December 31, 2010

Rebuttal Schedule F-4
Title: Assumptions Used in
Developing Projection

Explanation:
Documentation of important assumptions used in preparing
forecasts and projections

Required for: All Utilities
Class A
Class B
Class C
Class D
Spec'l Reqmt

X

Important assumptions used in preparing projections should be explained.

Areas covered should include:

1 Customer growth

The company has experienced no new growth in the past few years.

2 Growth in consumption and customer demand

The company does not anticipate an increase in customer consumption and demand due to the proposed tiered rate structure.

3 Changes in expenses

The company believes the test year 2010, with the limited proforma adjustments proposed in this application to include all the utility's operating expenses, accurately depict the revenue level necessary for the utility going forward.

4 Construction requirements including production reserves and changes in plant capacity

See accompanying Finance Application.

5 Capital structure changes

See accompanying Finance Application.

6 Financing costs, interest rates

See accompanying Finance Application.

Supporting Schedules:

Recap Schedules:

Clear Springs Utility Company, Inc. - Water Division
Docket No. WS-01689A-11-0402 and W-01689A-11-0401
Test Year Ended December 31, 2010

Rebuttal Schedule SSR-1

Replication of Staff JMM-W16 With Corrected Net Income Amounts

Line	Description	Without Surcharge	Without Surcharge and with New Loan	With Surcharge and with New Loan
1	Cash Inflows			
2	Revenue - Base Rates	\$ 216,023	\$ 216,023	\$ 216,023
3	Revenue - Surcharge			42,443
4	Total Cash Inflows	\$ 216,023	\$ 216,023	\$ 258,466
5	Cash Outflows			
6	Salaries & Wages	\$ -	\$ -	\$ -
7	Purchased Water	-	-	-
8	Purchased Power	40,551	40,551	40,551
9	Chemicals	1,811	1,811	1,811
10	Repairs & Maintenance	12,168	12,168	12,168
11	Office Supplies and Expense	9,437	9,437	9,437
12	Outside Services	92,240	92,240	92,240
13	Water Testing	4,637	4,637	4,637
14	Rental Expense	-	-	-
15	Transportation Expense	6,938	6,938	6,938
16	Insurance - General Liability	3,443	3,443	3,443
17	Insurance - Health and Life	-	-	-
18	Rate Case Expense	10,000	10,000	10,000
19	Miscellaneous Expense	540	540	540
20	Depreciation & Amortization	19,178	19,178	19,178
21	Taxes Other Than Income	-	-	-
22	Property Taxes	10,544	10,544	11,354
23	Income Taxes	(222)	(3,448)	5,263
24	Interest on Customer Deposits	325	325	325
25	Total Cash Outflows	\$ 211,590	\$ 208,364	\$ 217,885
26	OPERATING INCOME/(LOSS)	\$ 4,433	\$ 7,659	\$ 40,581
27	Plus Depreciation Expense	\$ 19,178	\$ 19,178	\$ 19,178
28	Less AIAC refunded during Test Year	(525)	(525)	(525)
29	Less WIFA Loan Interest	(5,271)	(20,689)	(20,689)
30	Less WIFA Loan Principal	(5,630)	(20,339)	(20,339)
31	Cash Flow from Operations before WIFA Reserve	\$ 12,185	\$ (14,716)	\$ 18,206
32	WIFA Reserve (20% of Principal and Interest)	(2,180)	(10,386)	(8,206)
33	Cash Flow from Operations after WIFA Reserve	\$ 10,005	\$ (25,102)	\$ 10,000
34	OPERATING INCOME/(LOSS)	\$ 4,433	\$ 7,659	\$ 40,581
35	Less WIFA Loan Interest	(5,271)	(20,689)	(20,689)
36	NET INCOME/(LOSS)	\$ (838)	\$ (13,030)	\$ 19,892
37	Rate of Return on Rate Base	11.50%	19.87%	105.29%
38	Operating Margin	2.05%	3.55%	15.70%
39	Net Income to Revenue	-0.39%	-6.03%	7.70%
40	Cash Flow to Revenue	4.63%	-11.62%	3.87%

Company Income and Cash Flow Analysis

Line	Description	Without New Loan and Surcharge	With New Loan and Surcharge
1	Cash Inflows		
2	Revenue - Base Rates	\$ 252,582	\$ 252,582
3	Revenue - Surcharge		42,648
4	Total Cash Inflows	\$ 252,582	\$ 295,231
5	Cash Outflows		
6	Salaries & Wages	\$ -	\$ -
7	Purchased Water	-	-
8	Purchased Power	40,551	40,551
9	Chemicals	1,811	1,811
10	Repairs & Maintenance	12,168	12,168
11	Office Supplies and Expense	9,437	9,437
12	Outside Services	92,240	92,240
13	Water Testing	4,637	4,637
14	Rental Expense	-	-
15	Transportation Expense	6,938	6,938
16	Insurance - General Liability	3,443	3,443
17	Insurance - Health and Life	-	-
18	Rate Case Expense	10,000	10,000
19	Miscellaneous Expense	540	540
20	Depreciation & Amortization	28,108	28,108
21	Taxes Other Than Income	-	-
22	Property Taxes	11,308	12,122
23	Income Taxes	5,289	10,971
24	Interest on Customer Deposits	325	325
25	Total Cash Outflows	\$ 226,794	\$ 233,291
26	OPERATING INCOME/(LOSS)	\$ 25,788	\$ 61,940
27	Plus Depreciation Expense	\$ 28,108	\$ 28,108
28	Less AIAC refunded during Test Year	(525)	(525)
29	Less WIFA Loan Interest	(6,245)	(21,664)
30	Less WIFA Loan Principal	(4,956)	(19,664)
31	Cash Flow from Operations before WIFA Reserve	\$ 42,169	\$ 48,194
32	WIFA Reserve (20% of Principal and Interest)	(2,240)	(8,266)
33	Cash Flow from Operations after WIFA Reserve	\$ 39,929	\$ 39,929
34	OPERATING INCOME/(LOSS)	\$ 25,788	\$ 61,940
35	Plus Interest Income	446	446
36	Less WIFA Loan Interest	(6,245)	(21,664)
37	NET INCOME/(LOSS)	\$ 19,989	\$ 40,722
38	Rate of Return on Rate Base	50.00%	120.10%
39	Operating Margin	10.21%	20.98%
40	Net Income to Revenue	7.91%	13.79%
41	Cash Flow to Revenue	15.81%	13.52%

Company Calculation of Surcharge Amount for Proposed WIFA Loan

Line		WIFA Loan		
1	Annual Interest and Fees	\$ 15,419		
2	Annual Principal	14,708		
3	Annual Debt Reserve	6,025		
4	Total Annual Payments	<u>\$ 36,152</u>		
5	Total Annual Payments	\$ 36,152		
6	Less Interest and Fees	(15,419)		
7	Taxable Income portion		\$ 20,734	
8	Gross Revenue Conversion Factor		1.3133	
9	Revenue for Principal and Debt Reserve			\$ 27,230
10	Interest and Fees			15,419
11	Annual Surcharge Necessary			<u>\$ 42,648</u>
12	Surcharge Calculation per Customer:			
13	Number of 5/8 x 3/4-inch Customers		540	
14	Months in Year		<u>12</u>	
15	Annual Bills			6,480
16	Number of 3/4-inch Customers	5		
17	Months in Year	<u>12</u>		
18	Annual Bills		60	
19	Meter Multiplier		<u>1.5</u>	
20	Annual Equivalent Bills			90
21	Number of 1-inch Customers	15		
22	Months in Year	<u>12</u>		
23	Annual Bills		180	
24	Meter Multiplier		<u>2.5</u>	
25	Annual Equivalent Bills			450
26	Number of 1.5-inch Customers	8		
27	Months in Year	<u>12</u>		
28	Annual Bills		96	
29	Meter Multiplier		<u>5</u>	
30	Annual Equivalent Bills			480
31	Number of 2-inch Customers	2		
32	Months in Year	<u>12</u>		
33	Annual Bills		24	
34	Meter Multiplier		<u>8</u>	
35	Annual Equivalent Bills			192
36	Total Annual Equivalent Bills			<u>7,692</u>
37	5/8 x 3/4-inch Surcharge Amount per Month	\$ 5.54	(Line 11 / Line 36)	
38	3/4-inch Surcharge Amount per Month	8.32	(Line 37 times 1.5 MM) ¹	
39	1-inch Surcharge Amount per Month	13.86	(Line 37 times 2.5 MM)	
40	1.5-inch Surcharge Amount per Month	27.72	(Line 37 times 5 MM)	
41	2-inch Surcharge Amount per Month	44.36	(Line 37 times 8 MM)	
42	Revenue Check:	Surcharge	Annual Bills	Total
43	5/8 x 3/4-inch meters	\$ 5.54	6,480	\$ 35,928
44	3/4-inch meters	8.32	60	499
45	1-inch meters	13.86	180	2,495
46	1.5-inch meters	27.72	96	2,661
47	2-inch meters	44.36	24	1,065
48	Totals		<u>6,840</u>	<u>\$ 42,648</u>
49	¹ MM = AWWA Meter Multiplier			

Clear Springs Utility Company, Inc. - Water Division
Docket No. WS-01689A-11-0402 and W-01689A-11-0401
Test Year Ended December 31, 2010

Rebuttal Schedule SSR-4
Title: Typical Bill Analysis

5/8" x 3/4" Meter Including Surcharge (Residential and Commercial)

Monthly Consumption	Present Bill	Proposed Bill	Percent Increase
- \$	11.00 \$	19.54	77.68%
1,000	12.25	21.29	73.83%
2,000	13.50	23.04	70.70%
3,000	14.75	24.79	68.10%
4,000	17.00	28.69	68.79%
5,000	19.25	32.59	69.32%
6,000	21.50	36.49	69.74%
7,000	23.75	40.39	70.08%
8,000	26.00	44.29	70.36%
9,000	28.25	50.27	77.96%
10,000	30.50	56.25	84.44%
15,000	48.00	86.15	79.49%
20,000	65.50	116.05	77.18%
25,000	83.00	145.95	75.85%
50,000	170.50	295.45	73.29%
75,000	258.00	444.95	72.46%
100,000	345.50	594.45	72.06%
125,000	433.00	743.95	71.81%
150,000	520.50	893.45	71.65%
175,000	608.00	1,042.95	71.54%
200,000	695.50	1,192.45	71.45%

Supporting Schedules:

Bill Count Schedules		Status
H-1	Summary of Revenues by Customer Class - Present and Proposed Rates	
H-2	Analysis of Revenues by Detailed Class of Service - Present and Proposed Rate Classes (A&B only)	
H-3W	Changes In Representative Rate Schedules - Water (2 pages)	
H-3S	Changes In Representative Rate Schedules - Sewer	
H-4W	Typical Bill Analysis - Water 5/8 x 3/4-inch Meter, Page 1	
H-4W	Typical Bill Analysis - Water 3/4-inch Meter, Page 2	
H-4W	Typical Bill Analysis - Water 1-inch Meter, Page 3	
H-4W	Typical Bill Analysis - Water 1 1/2-inch Meter, Page 4	
H-4W	Typical Bill Analysis - Water 2-inch Meter, Page 5	
H-4W	Typical Bill Analysis - Water-Bulk Sales, Page 6	
H-4S	Typical Bill Analysis - Sewer, Page 1	
H-5W	Bill Count - Water, 5/8 x 3/4-inch Residential, Page 1	
H-5W	Bill Count - Water, 5/8 x 3/4-inch Residential - ADJUSTED, Page 2	
H-5W	Bill Count - Water, 5/8 x 3/4-inch Commercial, Page 3	
H-5W	Bill Count - Water, 3/4-inch Residential, Page 4	
H-5W	Bill Count - Water, 3/4-inch Commercial, Page 5	
H-5W	Bill Count - Water, 1-inch Residential, Page 6	
H-5W	Bill Count - Water, 1-inch Commercial, Page 7	
H-5W	Bill Count - Water, 1 1/2-inch Residential, Page 8	
H-5W	Bill Count - Water, 1 1/2-inch Commercial, Page 9	
H-5W	Bill Count - Water, 2-inch Commercial, Page 10	
H-5W	Bill Count - Water, Bulk Sales, Page 11	
H-5S	Bill Count - Sewer, Residential, Page 1	
H-5S	Bill Count - Sewer, Residential - ADJUSTED, Page 2	
H-5S	Bill Count - Sewer, Commercial, Page 3	

Clear Springs Utility Company, Inc. - Water and Sewer Divisions

Docket No. WS-01689A-11-0402 and W-01689A-11-0401

Test Year Ended December 31, 2010

Rebuttal Schedule H-1
Title: Summary of Revenues by Customer Classification - Present and Proposed Rates

Explanation:

Schedule comparing revenues by customer classification for the Test Year, at present and proposed rates.

Required for: All Utilities

Class A

Class B

Class C

Class D

Spec'l Reqmt

X

Customer Classification	Revenues in the Test Year (a)		Proposed Increase (b)	
	Present Rates	Proposed Rates	Amount	%
Water Division				
<i>Residential</i>				
5/8 by 3/4-inch	\$ 129,804	\$ 192,248	\$ 62,444	48.11%
3/4-inch	1,210	2,189	979	80.91%
1-inch	3,317	5,266	1,949	58.76%
1 1/2-inch	2,987	5,009	2,022	67.69%
<i>Total Residential Water</i>	<i>\$ 137,318</i>	<i>\$ 204,712</i>	<i>\$ 67,394</i>	<i>49.08%</i>
<i>Commercial</i>				
5/8 by 3/4-inch	\$ 10,142	\$ 15,275	5,133	50.61%
3/4-inch	486	832	346	71.19%
1-inch	5,931	9,933	4,002	67.48%
1 1/2-inch	4,487	7,404	2,917	65.01%
2-inch	5,208	9,047	3,839	73.71%
<i>Total Commercial Water</i>	<i>\$ 26,254</i>	<i>\$ 42,491</i>	<i>\$ 16,237</i>	<i>61.85%</i>
Bulk Water Sales	1,459	2,160	701	48.05%
Total Metered Water Revenue	\$ 165,031	\$ 249,363	84,332	51.10%
Other Revenue	3,219	3,219	-	0.00%
Total Water Revenue	\$ 168,250	\$ 252,582	\$ 84,332	50.12%
Sewer Division				
Residential	\$ 42,130	\$ 41,055	\$ (1,075)	-2.55%
Commercial	5,242	6,317	1,075	20.51%
Total Measured Sewer	\$ 47,372	\$ 47,372	-	0.00%
Other Revenue	430	430	-	0.00%
Total Sewer Revenue	\$ 47,802	\$ 47,802	\$ -	0.00%
Total Company Revenue	\$ 216,052	\$ 300,384	\$ 84,332	39.03%

Note: For combination utilities, above information should be presented in total and by department.

Supporting Schedules:

(a) H-2

Recap Schedules:

(b) A-1

Clear Springs Utility Company, Inc. - Water Division
Docket No. WS-01689A-11-0402 and W-01689A-11-0401
Test Year Ended December 31, 2010

Rebuttal Schedule H-3W
Title: Changes in Representative Rate
Schedules - Page 1 of 2

Explanation:
Schedule comparing present rate schedules with proposed
rate schedule.

(Rates apply to both residential and commercial usage)

Required for: All Utilities ☒
Class A ☐
Class B ☐
Class C ☐
Class D ☐
Spec'l Reqmt ☐

Description	Present Rate	Proposed Rate	% change
MONTHLY USAGE CHARGE:			
5/8" x 3/4" Meter	\$ 11.00	\$ 14.00	27%
3/4" Meter	14.50	21.00	45%
1" Meter	23.25	35.00	51%
1-1/2" Meter	44.00	70.00	59%
2" Meter	66.00	112.00	70%
3" Meter	125.50	224.00	78%
4" Meter	250.00	350.00	40%
6" Meter	500.00	700.00	40%

Description	Present Rate	Proposed Rate
COMMODITY CHARGES - Per 1,000 Gallons		
<u>5/8 x 3/4 - inch meters</u>		
0 - 3,000 Gallons	\$ 1.25	
3,001 to 10,000 Gallons	2.25	
Over 10,000 Gallons	3.50	
1 - 3,000 Gallons		\$ 1.75
3,001 to 8,000 Gallons		3.90
Over 8,000 Gallons		5.98
<u>3/4 - inch meters</u>		
0 - 3,000 Gallons	\$ 1.25	
3,001 to 10,000 Gallons	2.25	
Over 10,000 Gallons	3.50	
1 to 8,000 Gallons		\$ 3.90
Over 8,000 Gallons		5.98
<u>One - inch meters</u>		
0 to 31,000 Gallons	\$ 2.25	
Over 31,000 Gallons	3.50	
1 to 30,000 Gallons		\$ 3.90
Over 30,000 Gallons		5.98
<u>One and one half - inch meters</u>		
0 to 58,000 Gallons	\$ 2.25	
Over 58,000 Gallons	3.50	
1 to 50,000 Gallons		\$ 3.90
Over 50,000 Gallons		5.98
<u>Two - inch meters</u>		
0 to 74,000 Gallons	\$ 2.25	
Over 74,000 Gallons	3.50	
1 to 70,000 Gallons		\$ 3.90
Over 70,000 Gallons		5.98

Description	Present Rate	Proposed Rate
Three - inch meters		
0 to 100,000 Gallons	N/A	\$ 3.90
Over 100,000 Gallons	N/A	5.98
Four - inch meters		
1 to 150,000 Gallons	N/A	\$ 3.90
Over 150,000 Gallons	N/A	5.98
Six - inch meters		
0 to 250,000 Gallons	N/A	\$ 3.90
Over 250,000 Gallons	N/A	5.98
Bulk Water Sales - 3" Meter		
Excess of Minimum	\$ 4.00	\$ 5.98

Description	Present Rate	Proposed Rate	% change
<u>SERVICE CHARGES</u>			
Establishment	\$ 30.00	\$ 30.00	0.00%
Establishment (After Hours)	45.00	N/A	
Reconnection (Delinquent)	30.00	40.00	33.33%
Meter Test (If Correct)	45.00	45.00	0.00%
Deposit	*	*	
Deposit Interest	*	*	
Reestablishment (Within 12 Months)	**	**	
NSF Check (R14-2-409)	\$ 20.00	\$ 25.00	25.00%
Deferred Payment (per month)	1.50%	1.50%	0.00%
Meter Reread (If Correct)	\$ 25.00	\$ 30.00	20.00%
Late Payment Penalty (per month)	N/A	2.00%	
After Hours Charge	N/A	\$ 25.00	

SERVICE LINE AND METER INSTALLATION CHARGES:

Refundable Pursuant to A.A.C. R14-2-405		Proposed Rates			% change
Description	Present Rate	Service Line	Meter Charge	Total Charge	
5/8" x 3/4" Meter	\$ 550.00	\$ 445.00	\$ 155.00	\$ 600.00	9%
3/4" Meter	550.00	445.00	255.00	700.00	27%
1" Meter	650.00	495.00	315.00	810.00	25%
1-1/2" Meter	875.00	550.00	525.00	1,075.00	23%
2" Meter - Turbine	1,400.00	830.00	1,045.00	1,875.00	34%
2" Meter - Compound	N/A	830.00	1,890.00	2,720.00	
3" Meter - Turbine	1,900.00	1,045.00	1,670.00	2,715.00	43%
3" Meter - Compound	N/A	1,165.00	2,545.00	3,710.00	
4" Meter - Turbine	3,200.00	1,490.00	2,670.00	4,160.00	30%
4" Meter - Compound	N/A	1,670.00	3,645.00	5,315.00	
6" Meter - Turbine	5,800.00	2,210.00	5,025.00	7,235.00	25%
6" Meter - Compound	N/A	2,330.00	6,920.00	9,250.00	

* Per Commission Rule R14-2-403(B).

** Months off system times the monthly minimum per Commission Rule A.A.C. R14-2-403(D).

OTHER RATES AND CHARGES BY ORDER:

IN ADDITION TO THE COLLECTION OF ITS REGULAR RATES AND CHARGES, THE COMPANY SHALL COLLECT FROM CUSTOMERS THEIR PROPORTIONATE SHARE OF ANY PRIVILEGE, SALES OR USE TAX IN ACCORDANCE WITH R14-2-409.D.5.

Supporting Schedules:

Explanation:
Schedule comparing present rate schedules with proposed
rate schedule.

Required for: All Utilities	<input checked="" type="checkbox"/>
Class A	<input type="checkbox"/>
Class B	<input type="checkbox"/>
Class C	<input type="checkbox"/>
Class D	<input type="checkbox"/>
Spec'l Reqmt	<input type="checkbox"/>

Description	Present Rate	Proposed Rate	% change
MONTHLY USAGE CHARGES			

Monthly Minimum - Residential	\$ 6.50	\$ 9.00	38.46%
Monthly Minimum - Commercial	6.50	9.36	44.00%

COMMODITY CHARGES (Per 1,000 Gallons of Water usage)

Residential - Per 1,000 Gallons of water use	\$ 0.85	
Residential - 0 to 6,000 Gallons of water use		\$ -
Residential - Per 1,000 Gallons of water use from 6,001 to 20,000 gallons		\$ 1.00
Residential - Per 1,000 Gallons in excess of 20,000 gallons of water use		\$ -
Commercial - Per 1,000 Gallons of water use	N/A	\$ 0.85

SERVICE CHARGES

Establishment	\$ 10.00	\$ 30.00	200.00%
Reconnection (Delinquent)	*	*	
Deposit - Residential	**	**	
Deposit - Commercial	***	***	
Deposit Interest	****	****	
NSF Check	\$ 15.00	\$ 25.00	66.67%
Deferred Payment	N/A	1.50%	
Late Payment Penalty	N/A	2.00%	
After Hours Charge	N/A	\$ 25.00	

Sewer Tap Charge Cost Cost
(Non-refundable pursuant to A.A.C. R14-2-605)

- * Six times monthly minimum
- ** Two times estimated average monthly bill
- *** Two and one half times estimated maximum monthly bill
- **** Per Commission Rule

Supporting Schedules:

Explanation:	Required for: All Utilities	<input checked="" type="checkbox"/>
Schedule(s) comparing typical customer bills at varying consumption levels at present and proposed rates.	Class A	<input type="checkbox"/>
	Class B	<input type="checkbox"/>
	Class C	<input type="checkbox"/>
	Class D	<input type="checkbox"/>
	Spec'l Reqmt	<input type="checkbox"/>

5/8" x 3/4" Meter (Residential and Commercial)

Monthly Consumption	Present Bill	Proposed Bill	Percent Increase
- \$	11.00 \$	14.00	27.27%
1,000	12.25	15.75	28.57%
2,000	13.50	17.50	29.63%
3,000	14.75	19.25	30.51%
4,000	17.00	23.15	36.18%
5,000	19.25	27.05	40.52%
6,000	21.50	30.95	43.95%
7,000	23.75	34.85	46.74%
8,000	26.00	38.75	49.04%
9,000	28.25	44.73	58.34%
10,000	30.50	50.71	66.26%
15,000	48.00	80.61	67.94%
20,000	65.50	110.51	68.72%
25,000	83.00	140.41	69.17%
50,000	170.50	289.91	70.04%
75,000	258.00	439.41	70.31%
100,000	345.50	588.91	70.45%
125,000	433.00	738.41	70.53%
150,000	520.50	887.91	70.59%
175,000	608.00	1,037.41	70.63%
200,000	695.50	1,186.91	70.66%

Supporting Schedules:

Clear Springs Utility Company, Inc. - Water Division

Docket No. WS-01689A-11-0402 and W-01689A-11-0401

Test Year Ended December 31, 2010

Rebuttal Schedule H-4W**Title: Typical Bill Analysis****Page 2 of 6**

Explanation:
Schedule(s) comparing typical customer bills at varying
consumption levels at present and proposed rates.

Required for: All Utilities

Class A

Class B

Class C

Class D

Spec'l Reqmt

X

3/4" Meter (Residential and Commercial)

Monthly Consumption	Present Bill	Proposed Bill	Percent Increase
- \$	14.50 \$	21.00	44.83%
1,000	15.75	24.90	58.10%
2,000	17.00	28.80	69.41%
3,000	18.25	32.70	79.18%
4,000	20.50	36.60	78.54%
5,000	22.75	40.50	78.02%
6,000	25.00	44.40	77.60%
7,000	27.25	48.30	77.25%
8,000	29.50	52.20	76.95%
9,000	31.75	58.18	83.24%
10,000	34.00	64.16	88.71%
15,000	51.50	94.06	82.64%
20,000	69.00	123.96	79.65%
25,000	86.50	153.86	77.87%
50,000	174.00	303.36	74.34%
75,000	261.50	452.86	73.18%
100,000	349.00	602.36	72.60%
125,000	436.50	751.86	72.25%
150,000	524.00	901.36	72.02%
175,000	611.50	1,050.86	71.85%
200,000	699.00	1,200.36	71.73%

Supporting Schedules:

Explanation:	Required for: All Utilities	<input checked="" type="checkbox"/>
Schedule(s) comparing typical customer bills at varying consumption levels at present and proposed rates.	Class A	<input type="checkbox"/>
	Class B	<input type="checkbox"/>
	Class C	<input type="checkbox"/>
	Class D	<input type="checkbox"/>
	Spec'l Reqmt	<input type="checkbox"/>

1" Meter (Residential and Commercial)

Monthly Consumption	Present Bill	Proposed Bill	Percent Increase
- \$	23.25	\$ 35.00	50.54%
1,000	25.50	38.90	52.55%
2,000	27.75	42.80	54.23%
3,000	30.00	46.70	55.67%
4,000	32.25	50.60	56.90%
5,000	34.50	54.50	57.97%
6,000	36.75	58.40	58.91%
7,000	39.00	62.30	59.74%
8,000	41.25	66.20	60.48%
9,000	43.50	70.10	61.15%
10,000	45.75	74.00	61.75%
15,000	57.00	93.50	64.04%
20,000	68.25	113.00	65.57%
25,000	79.50	132.50	66.67%
50,000	159.50	271.60	70.28%
75,000	247.00	421.10	70.49%
100,000	334.50	570.60	70.58%
125,000	422.00	720.10	70.64%
150,000	509.50	869.60	70.68%
175,000	597.00	1,019.10	70.70%
200,000	684.50	1,168.60	70.72%

Supporting Schedules:

Explanation: Schedule(s) comparing typical customer bills at varying consumption levels at present and proposed rates.	Required for: All Utilities	<input checked="" type="checkbox"/>
	Class A	<input type="checkbox"/>
	Class B	<input type="checkbox"/>
	Class C	<input type="checkbox"/>
	Class D	<input type="checkbox"/>
	Spec'l Reqmt	<input type="checkbox"/>

1 1/2" Meter (Residential and Commercial)

Monthly Consumption	Present Bill	Proposed Bill	Percent Increase
- \$	44.00 \$	70.00	59.09%
1,000	46.25	73.90	59.78%
2,000	48.50	77.80	60.41%
3,000	50.75	81.70	60.99%
4,000	53.00	85.60	61.51%
5,000	55.25	89.50	61.99%
6,000	57.50	93.40	62.43%
7,000	59.75	97.30	62.85%
8,000	62.00	101.20	63.23%
9,000	64.25	105.10	63.58%
10,000	66.50	109.00	63.91%
15,000	77.75	128.50	65.27%
20,000	89.00	148.00	66.29%
25,000	100.25	167.50	67.08%
50,000	156.50	265.00	69.33%
75,000	234.00	414.50	77.14%
100,000	321.50	564.00	75.43%
125,000	409.00	713.50	74.45%
150,000	496.50	863.00	73.82%
175,000	584.00	1,012.50	73.37%
200,000	671.50	1,162.00	73.05%

Supporting Schedules:

Explanation:	Required for: All Utilities	<input checked="" type="checkbox"/>
Schedule(s) comparing typical customer bills at varying consumption levels at present and proposed rates.	Class A	<input type="checkbox"/>
	Class B	<input type="checkbox"/>
	Class C	<input type="checkbox"/>
	Class D	<input type="checkbox"/>
	Spec'l Reqmt	<input type="checkbox"/>

2 Inch Meter (Commercial)

Monthly Consumption	Present Bill	Proposed Bill	Percent Increase
- \$	66.00 \$	112.00	69.70%
1,000	68.25	115.90	69.82%
2,000	70.50	119.80	69.93%
3,000	72.75	123.70	70.03%
4,000	75.00	127.60	70.13%
5,000	77.25	131.50	70.23%
6,000	79.50	135.40	70.31%
7,000	81.75	139.30	70.40%
8,000	84.00	143.20	70.48%
9,000	86.25	147.10	70.55%
10,000	88.50	151.00	70.62%
15,000	99.75	170.50	70.93%
20,000	111.00	190.00	71.17%
25,000	122.25	209.50	71.37%
50,000	178.50	307.00	71.99%
75,000	236.00	414.90	75.81%
100,000	323.50	564.40	74.47%
125,000	411.00	713.90	73.70%
150,000	498.50	863.40	73.20%
175,000	586.00	1,012.90	72.85%
200,000	673.50	1,162.40	72.59%

Supporting Schedules:

Explanation: Schedule(s) comparing typical customer bills at varying consumption levels at present and proposed rates.	Required for: All Utilities	<input checked="" type="checkbox"/>
	Class A	<input type="checkbox"/>
	Class B	<input type="checkbox"/>
	Class C	<input type="checkbox"/>
	Class D	<input type="checkbox"/>
	Spec'l Reqmt	<input type="checkbox"/>

Bulk Water Sales

Monthly Consumption	Present Bill	Proposed Bill	Percent Increase
- \$	- \$	-	0.00%
1,000	4.00	5.98	49.50%
2,000	8.00	11.96	49.50%
3,000	12.00	17.94	49.50%
4,000	16.00	23.92	49.50%
5,000	20.00	29.90	49.50%
6,000	24.00	35.88	49.50%
7,000	28.00	41.86	49.50%
8,000	32.00	47.84	49.50%
9,000	36.00	53.82	49.50%
10,000	40.00	59.80	49.50%
15,000	60.00	89.70	49.50%
20,000	80.00	119.60	49.50%
25,000	100.00	149.50	49.50%
50,000	200.00	299.00	49.50%
75,000	300.00	448.50	49.50%
100,000	400.00	598.00	49.50%
125,000	500.00	747.50	49.50%
150,000	600.00	897.00	49.50%
175,000	700.00	1,046.50	49.50%
200,000	800.00	1,196.00	49.50%

Supporting Schedules:

Clear Springs Utility Company, Inc. - Sewer Division
Docket No. WS-01689A-11-0402 and W-01689A-11-0401
Test Year Ended December 31, 2010

Rebuttal Schedule H-4S
Title: Typical Bill Analysis
Page 1 of 2

Explanation:
Schedule(s) comparing typical customer bills at varying
consumption levels at present and proposed rates.

Required for: All Utilities

Class A
Class B
Class C
Class D
Specd Reqmt

X

Residential Sewer Service

Monthly Consumption	Present Bill	Proposed Bill	Percent Increase
- \$	6.50 \$	9.00	38.46%
1,000	7.35	9.00	22.45%
2,000	8.20	9.00	9.76%
3,000	9.05	9.00	-0.55%
4,000	9.90	9.00	-9.09%
5,000	10.75	9.00	-16.28%
6,000	11.60	9.00	-22.41%
7,000	12.45	10.00	-19.68%
8,000	13.30	11.00	-17.29%
9,000	14.15	12.00	-15.19%
10,000	15.00	13.00	-13.33%
15,000	19.25	18.00	-6.49%
20,000	23.50	23.00	-2.13%
25,000	27.75	23.00	-17.12%
50,000	49.00	23.00	-53.06%
75,000	70.25	23.00	-67.26%
100,000	91.50	23.00	-74.86%
125,000	112.75	23.00	-79.60%
150,000	134.00	23.00	-82.84%
175,000	155.25	23.00	-85.19%
200,000	176.50	23.00	-86.97%

Supporting Schedules:

Explanation:
Schedule(s) comparing typical customer bills at varying
consumption levels at present and proposed rates.

Required for: All Utilities
Class A
Class B
Class C
Class D
Spec'l Reqmt

X

Commercial Sewer Service

Monthly Consumption	Present Bill	Proposed Bill	Percent Increase
- \$	6.50 \$	9.36	44.00%
1,000	7.35	10.21	38.91%
2,000	8.20	11.06	34.88%
3,000	9.05	11.91	31.60%
4,000	9.90	12.76	28.89%
5,000	10.75	13.61	26.60%
6,000	11.60	14.46	24.66%
7,000	12.45	15.31	22.97%
8,000	13.30	16.16	21.50%
9,000	14.15	17.01	20.21%
10,000	15.00	17.86	19.07%
15,000	19.25	22.11	14.86%
20,000	23.50	26.36	12.17%
25,000	27.75	30.61	10.31%
50,000	49.00	51.86	5.84%
75,000	70.25	73.11	4.07%
100,000	91.50	94.36	3.13%
125,000	112.75	115.61	2.54%
150,000	134.00	136.86	2.13%
175,000	155.25	158.11	1.84%
200,000	176.50	179.36	1.62%

Supporting Schedules:

Explanation:

Schedule(s) showing billing activity by block for each rate schedule.

Required for: All Utilities

Class A

Class B

Class C

Class D

Specd Reqmt

X

5/8 x 3/4 Inch Meter - Residential

Block	Number of Bills by Block	Consumption By Blocks	Cumulative Bills No.	% of Total	Cumulative Consumption Amount	% of Total
-	484	-	484	8.11%	-	0.00%
1,000	804	402,000	1,288	21.59%	402,000	1.30%
2,000	724	1,086,000	2,012	33.72%	1,488,000	4.82%
3,000	769	1,922,500	2,781	46.61%	3,410,500	11.04%
4,000	636	2,226,000	3,417	57.27%	5,636,500	18.24%
5,000	522	2,349,000	3,939	66.02%	7,985,500	25.85%
6,000	388	2,134,000	4,327	72.53%	10,119,500	32.75%
7,000	296	1,924,000	4,623	77.49%	12,043,500	38.98%
8,000	232	1,740,000	4,855	81.38%	13,783,500	44.61%
9,000	191	1,623,500	5,046	84.58%	15,407,000	49.87%
10,000	143	1,358,500	5,189	86.98%	16,765,500	54.27%
10,001 to 12,000	219	2,409,000	5,408	90.65%	19,174,500	62.06%
12,001 to 14,000	116	1,508,000	5,524	92.59%	20,682,500	66.94%
14,001 to 16,000	99	1,485,000	5,623	94.25%	22,167,500	71.75%
16,001 to 18,000	94	1,598,000	5,717	95.83%	23,765,500	76.92%
18,001 to 20,000	44	836,000	5,761	96.56%	24,601,500	79.63%
20,001 to 25,000	98	2,205,000	5,859	98.21%	26,806,500	86.77%
25,001 to 30,000	42	1,155,000	5,901	98.91%	27,961,500	90.50%
30,001 to 35,000	23	747,500	5,924	99.30%	28,709,000	92.92%
35,001 to 40,000	18	675,000	5,942	99.60%	29,384,000	95.11%
40,001 to 50,000	12	540,000	5,954	99.80%	29,924,000	96.86%
50,001 to 60,000	4	220,000	5,958	99.87%	30,144,000	97.57%
60,001 to 70,000	4	260,000	5,962	99.93%	30,404,000	98.41%
70,001 to 80,000	2	150,000	5,964	99.97%	30,554,000	98.89%
80,001 to 90,000	-	-	5,964	99.97%	30,554,000	98.89%
90,001 to 100,000	-	-	5,964	99.97%	30,554,000	98.89%
161,950	1	161,950	5,965	99.98%	30,715,950	99.42%
179,490	1	179,490	5,966	100.00%	30,895,440	100.00%
	5,966	30,895,440				

Average Number of Customers 497

Average Consumption 5,179

Median Consumption 3,318

Supporting Schedules:

Recap Schedules:

Explanation:
Schedule(s) showing billing activity by block for each rate schedule.

Required for: All Utilities

Class A

Class B

Class C

Class D

Spec'l Reqmt

X

5/8 x 3/4 Inch Meter - Residential (ADJUSTED)

Block	Number of Bills by Block	Consumption By Blocks	Cumulative Bills No.	% of Total	Cumulative Consumption Amount	% of Total
-	484	-	484	8.11%	-	0.00%
1,000	804	402,000	1,288	21.59%	402,000	1.31%
2,000	724	1,086,000	2,012	33.72%	1,488,000	4.84%
3,000	769	1,922,500	2,781	46.61%	3,410,500	11.10%
4,000	636	2,226,000	3,417	57.27%	5,636,500	18.35%
5,000	522	2,349,000	3,939	66.02%	7,985,500	25.99%
6,000	388	2,134,000	4,327	72.53%	10,119,500	32.94%
7,000	296	1,924,000	4,623	77.49%	12,043,500	39.20%
8,000	233	1,747,500	4,856	81.39%	13,791,000	44.89%
9,000	191	1,623,500	5,047	84.60%	15,414,500	50.17%
10,000	143	1,358,500	5,190	86.99%	16,773,000	54.59%
10,001 to 12,000	219	2,409,000	5,409	90.66%	19,182,000	62.43%
12,001 to 14,000	116	1,508,000	5,525	92.61%	20,690,000	67.34%
14,001 to 16,000	99	1,485,000	5,624	94.27%	22,175,000	72.18%
16,001 to 18,000	94	1,598,000	5,718	95.84%	23,773,000	77.38%
18,001 to 20,000	44	836,000	5,762	96.58%	24,609,000	80.10%
20,001 to 25,000	98	2,205,000	5,860	98.22%	26,814,000	87.28%
25,001 to 30,000	42	1,155,000	5,902	98.93%	27,969,000	91.03%
30,001 to 35,000	23	747,500	5,925	99.31%	28,716,500	93.47%
35,001 to 40,000	18	675,000	5,943	99.61%	29,391,500	95.66%
40,001 to 50,000	12	540,000	5,955	99.82%	29,931,500	97.42%
50,001 to 60,000	4	220,000	5,959	99.88%	30,151,500	98.14%
60,001 to 70,000	4	260,000	5,963	99.95%	30,411,500	98.98%
70,001 to 80,000	2	150,000	5,965	99.98%	30,561,500	99.47%
80,001 to 90,000	-	-	5,965	99.98%	30,561,500	99.47%
90,001 to 100,000	-	-	5,965	99.98%	30,561,500	99.47%
161,950	1	161,950	5,966	100.00%	30,723,450	100.00%
	5,966	30,723,450				

Average Number of Customers 497
Average Consumption 5,150
Median Consumption 3,318

Supporting Schedules:

Recap Schedules:

Explanation:
Schedule(s) showing billing activity by block for each rate schedule.

5/8 x 3/4 Inch Meter - Commercial

Required for: All Utilities

Class A

Class B

Class C

Class D

Spec'l Reqmt

X

Block	Number of Bills by Block	Consumption By Blocks	Cumulative Bills		Cumulative Consumption	
			No.	% of Total	Amount	% of Total
-	45	-	45	9.96%	-	0.00%
1,000	118	59,000	163	36.06%	59,000	2.56%
2,000	70	105,000	233	51.55%	164,000	7.12%
3,000	34	85,000	267	59.07%	249,000	10.82%
4,000	28	98,000	295	65.27%	347,000	15.07%
5,000	16	72,000	311	68.81%	419,000	18.20%
6,000	11	60,500	322	71.24%	479,500	20.83%
7,000	16	104,000	338	74.78%	583,500	25.35%
8,000	16	120,000	354	78.32%	703,500	30.56%
9,000	18	153,000	372	82.30%	856,500	37.21%
10,000	13	123,500	385	85.18%	980,000	42.57%
10,001 to 12,000	14	154,000	399	88.27%	1,134,000	49.26%
12,001 to 14,000	10	130,000	409	90.49%	1,264,000	54.91%
14,001 to 16,000	10	150,000	419	92.70%	1,414,000	61.42%
16,001 to 18,000	7	119,000	426	94.25%	1,533,000	66.59%
18,001 to 20,000	9	171,000	435	96.24%	1,704,000	74.02%
20,001 to 25,000	7	157,500	442	97.79%	1,861,500	80.86%
25,001 to 30,000	3	82,500	445	98.45%	1,944,000	84.45%
30,001 to 35,000	3	97,500	448	99.12%	2,041,500	88.68%
35,001 to 40,000	2	75,000	450	99.56%	2,116,500	91.94%
40,001 to 50,000	0	-	450	99.56%	2,116,500	91.94%
50,001 to 60,000	0	-	450	99.56%	2,116,500	91.94%
60,001 to 70,000	0	-	450	99.56%	2,116,500	91.94%
70,001 to 80,000	0	-	450	99.56%	2,116,500	91.94%
80,001 to 90,000	1	85,000	451	99.78%	2,201,500	95.63%
90,001 to 100,000		-	451	99.78%	2,201,500	95.63%
100,560	1	100,560	452	100.00%	2,302,060	100.00%
		-	452	100.00%	2,302,060	100.00%
	452	2,302,060				

Average Number of Customers 38
Average Consumption 5,093
Median Consumption 1,900

Supporting Schedules:

Recap Schedules:

Explanation:

Schedule(s) showing billing activity by block for each rate schedule.

3/4 Inch Meter - Residential

Required for: All Utilities

Class A

Class B

Class C

Class D

Specd Reqmt

X

Block	Number of Bills by Block	Consumption By Blocks	Cumulative Bills No.	% of Total	Cumulative Consumption Amount	% of Total
-	1	-	1	2.78%	-	0.00%
1,000	3	1,500	4	11.11%	1,500	0.52%
2,000	4	6,000	8	22.22%	7,500	2.58%
3,000	9	22,500	17	47.22%	30,000	10.31%
4,000	5	17,500	22	61.11%	47,500	16.32%
5,000	2	9,000	24	66.67%	56,500	19.42%
6,000	1	5,500	25	69.44%	62,000	21.31%
7,000	1	6,500	26	72.22%	68,500	23.54%
8,000	1	7,500	27	75.00%	76,000	26.12%
9,000		-	27	75.00%	76,000	26.12%
10,000		-	27	75.00%	76,000	26.12%
10,001 to 12,000	1	11,000	28	77.78%	87,000	29.90%
12,001 to 14,000		-	28	77.78%	87,000	29.90%
14,001 to 16,000		-	28	77.78%	87,000	29.90%
16,001 to 18,000	2	34,000	30	83.33%	121,000	41.58%
18,001 to 20,000		-	30	83.33%	121,000	41.58%
20,001 to 25,000	2	45,000	32	88.89%	166,000	57.04%
25,001 to 30,000	2	55,000	34	94.44%	221,000	75.95%
30,001 to 35,000	1	32,500	35	97.22%	253,500	87.11%
35,001 to 40,000	1	37,500	36	100.00%	291,000	100.00%
40,001 to 50,000		-	36	100.00%	291,000	100.00%
50,001 to 60,000		-	36	100.00%	291,000	100.00%
60,001 to 70,000		-	36	100.00%	291,000	100.00%
70,001 to 80,000		-	36	100.00%	291,000	100.00%
80,001 to 90,000		-	36	100.00%	291,000	100.00%
90,001 to 100,000		-	36	100.00%	291,000	100.00%
	36	291,000				

Average Number of Customers 3
Average Consumption 8,083
Median Consumption 3,200

Supporting Schedules:

Recap Schedules:

Clear Springs Utility Company, Inc. - Water Division
Docket No. WS-01689A-11-0402 and W-01689A-11-0401
Test Year Ended December 31, 2010

Rebuttal Schedule H-5W

Title: Bill Count

Page 5 of 11

Explanation:

Schedule(s) showing billing activity by block for each rate schedule.

Required for: All Utilities

Class A

Class B

Class C

Class D

Spec'l Reqmt

X

3/4 Inch Meter - Commercial

Block	Number of Bills by Block	Consumption By Blocks	Cumulative Bills		Cumulative Consumption	
			No.	% of Total	Amount	% of Total
-	-	-	-	0.00%	-	0.00%
1,000	9	4,500	9	37.50%	4,500	5.52%
2,000	2	3,000	11	45.83%	7,500	9.20%
3,000	2	5,000	13	54.17%	12,500	15.34%
4,000	3	10,500	16	66.67%	23,000	28.22%
5,000	-	-	16	66.67%	23,000	28.22%
6,000	2	11,000	18	75.00%	34,000	41.72%
7,000	3	19,500	21	87.50%	53,500	65.64%
8,000	2	15,000	23	95.83%	68,500	84.05%
9,000		-	23	95.83%	68,500	84.05%
10,000		-	23	95.83%	68,500	84.05%
10,001 to 12,000		-	23	95.83%	68,500	84.05%
12,001 to 14,000	1	13,000	24	100.00%	81,500	100.00%
14,001 to 16,000		-	24	100.00%	81,500	100.00%
16,001 to 18,000		-	24	100.00%	81,500	100.00%
18,001 to 20,000		-	24	100.00%	81,500	100.00%
20,001 to 25,000		-	24	100.00%	81,500	100.00%
25,001 to 30,000		-	24	100.00%	81,500	100.00%
30,001 to 35,000		-	24	100.00%	81,500	100.00%
35,001 to 40,000		-	24	100.00%	81,500	100.00%
40,001 to 50,000		-	24	100.00%	81,500	100.00%
50,001 to 60,000		-	24	100.00%	81,500	100.00%
60,001 to 70,000		-	24	100.00%	81,500	100.00%
70,001 to 80,000		-	24	100.00%	81,500	100.00%
80,001 to 90,000		-	24	100.00%	81,500	100.00%
90,001 to 100,000		-	24	100.00%	81,500	100.00%
	24	81,500				

Average Number of Customers 2
Average Consumption 3,396
Median Consumption 2,500

Supporting Schedules:

Recap Schedules:

Explanation:

Schedule(s) showing billing activity by block for each rate schedule.

Required for: All Utilities

Class A

Class B

Class C

Class D

Specd Reqmt

X

1 Inch Meter - Residential

Block	Number of Bills by Block	Consumption By Blocks	Cumulative Bills No.	% of Total	Cumulative Consumption Amount	% of Total
-	13	-	13	14.13%	-	0.00%
1,000	1	500	14	15.22%	500	0.10%
2,000	13	19,500	27	29.35%	20,000	3.83%
3,000	11	27,500	38	41.30%	47,500	9.10%
4,000	4	14,000	42	45.65%	61,500	11.78%
5,000	11	49,500	53	57.61%	111,000	21.26%
6,000	10	55,000	63	68.48%	166,000	31.80%
7,000	2	13,000	65	70.65%	179,000	34.29%
8,000	7	52,500	72	78.26%	231,500	44.35%
9,000	7	59,500	79	85.87%	291,000	55.75%
10,000	2	19,000	81	88.04%	310,000	59.39%
10,001 to 12,000	3	33,000	84	91.30%	343,000	65.71%
12,001 to 14,000		-	84	91.30%	343,000	65.71%
14,001 to 16,000	2	30,000	86	93.48%	373,000	71.46%
16,001 to 18,000	2	34,000	88	95.65%	407,000	77.97%
18,001 to 20,000		-	88	95.65%	407,000	77.97%
20,001 to 25,000	1	22,500	89	96.74%	429,500	82.28%
25,001 to 30,000	1	27,500	90	97.83%	457,000	87.55%
30,001 to 35,000	2	65,000	92	100.00%	522,000	100.00%
35,001 to 40,000		-	92	100.00%	522,000	100.00%
40,001 to 50,000		-	92	100.00%	522,000	100.00%
50,001 to 60,000		-	92	100.00%	522,000	100.00%
60,001 to 70,000		-	92	100.00%	522,000	100.00%
70,001 to 80,000		-	92	100.00%	522,000	100.00%
80,001 to 90,000		-	92	100.00%	522,000	100.00%
90,001 to 100,000		-	92	100.00%	522,000	100.00%
	92	522,000				

Average Number of Customers 8
Average Consumption 5,674
Median Consumption 4,364

Supporting Schedules:

Recap Schedules:

Explanation:

Schedule(s) showing billing activity by block for each rate schedule.

Required for: All Utilities

Class A

Class B

Class C

Class D

Spec'l Reqmt

X

1 Inch Meter - Commercial

Block	Number of Bills by Block	Consumption By Blocks	Cumulative Bills No.	% of Total	Cumulative Consumption Amount	% of Total
-	11	-	11	14.29%	-	0.00%
1,000	17	8,500	28	36.36%	8,500	0.56%
2,000	3	4,500	31	40.26%	13,000	0.86%
3,000	1	2,500	32	41.56%	15,500	1.02%
4,000	3	10,500	35	45.45%	26,000	1.71%
5,000	1	4,500	36	46.75%	30,500	2.01%
6,000	2	11,000	38	49.35%	41,500	2.73%
7,000	3	19,500	41	53.25%	61,000	4.02%
8,000	2	15,000	43	55.84%	76,000	5.00%
9,000	1	8,500	44	57.14%	84,500	5.56%
10,000	1	9,500	45	58.44%	94,000	6.19%
10,001 to 12,000		-	45	58.44%	94,000	6.19%
12,001 to 14,000	3	39,000	48	62.34%	133,000	8.76%
14,001 to 16,000	2	30,000	50	64.94%	163,000	10.73%
16,001 to 18,000	4	68,000	54	70.13%	231,000	15.21%
18,001 to 20,000	1	19,000	55	71.43%	250,000	16.46%
20,001 to 25,000	3	67,500	58	75.32%	317,500	20.91%
25,001 to 30,000		-	58	75.32%	317,500	20.91%
30,001 to 35,000	4	130,000	62	80.52%	447,500	29.47%
35,001 to 40,000	2	75,000	64	83.12%	522,500	34.40%
40,001 to 50,000	4	180,000	68	88.31%	702,500	46.26%
50,001 to 60,000	2	110,000	70	90.91%	812,500	53.50%
60,001 to 70,000		-	70	90.91%	812,500	53.50%
70,001 to 80,000	2	150,000	72	93.51%	962,500	63.38%
80,001 to 90,000	1	85,000	73	94.81%	1,047,500	68.97%
90,001 to 100,000		-	73	94.81%	1,047,500	68.97%
105,340	1	105,340	74	96.10%	1,152,840	75.91%
115,790	1	115,790	75	97.40%	1,268,630	83.53%
115,850	1	115,850	76	98.70%	1,384,480	91.16%
134,230	1	134,230	77	100.00%	1,518,710	100.00%
	77	1,518,710				

Average Number of Customers 6

Average Consumption 19,724

Median Consumption 6,167

Supporting Schedules:

Recap Schedules:

Explanation:

Schedule(s) showing billing activity by block for each rate schedule.

Required for: All Utilities

Class A

Class B

Class C

Class D

Specd Reqmt

X

1 1/2 Inch Meter - Residential

Block	Number of Bills by Block	Consumption By Blocks	Cumulative Bills No.	% of Total	Cumulative Consumption Amount	% of Total
-		-	-	0.00%	-	0.00%
1,000		-	-	0.00%	-	0.00%
2,000		-	-	0.00%	-	0.00%
3,000		-	-	0.00%	-	0.00%
4,000		-	-	0.00%	-	0.00%
5,000		-	-	0.00%	-	0.00%
6,000	2	11,000	2	5.88%	11,000	1.63%
7,000		-	2	5.88%	11,000	1.63%
8,000	2	15,000	4	11.76%	26,000	3.86%
9,000	2	17,000	6	17.65%	43,000	6.38%
10,000	3	28,500	9	26.47%	71,500	10.61%
10,001 to 12,000	5	55,000	14	41.18%	126,500	18.77%
12,001 to 14,000	1	13,000	15	44.12%	139,500	20.70%
14,001 to 16,000	3	45,000	18	52.94%	184,500	27.37%
16,001 to 18,000	2	34,000	20	58.82%	218,500	32.42%
18,001 to 20,000	2	38,000	22	64.71%	256,500	38.06%
20,001 to 25,000		-	22	64.71%	256,500	38.06%
25,001 to 30,000	4	110,000	26	76.47%	366,500	54.38%
30,001 to 35,000	3	97,500	29	85.29%	464,000	68.84%
35,001 to 40,000	2	75,000	31	91.18%	539,000	79.97%
40,001 to 50,000	3	135,000	34	100.00%	674,000	100.00%
50,001 to 60,000		-	34	100.00%	674,000	100.00%
60,001 to 70,000		-	34	100.00%	674,000	100.00%
70,001 to 80,000		-	34	100.00%	674,000	100.00%
80,001 to 90,000		-	34	100.00%	674,000	100.00%
90,001 to 100,000		-	34	100.00%	674,000	100.00%
34		674,000				

Average Number of Customers 3
Average Consumption 19,824
Median Consumption 14,667

Supporting Schedules:

Recap Schedules:

Explanation:
Schedule(s) showing billing activity by block for each rate schedule.

Required for: All Utilities

Class A

Class B

Class C

Class D

Spec'l Reqmt

X

1 1/2 Inch Meter - Commercial

Block	Number of Bills by Block	Consumption By Blocks	Cumulative Bills		Cumulative Consumption	
			No.	% of Total	Amount	% of Total
-	13	-	13	21.67%	-	0.00%
1,000	5	2,500	18	30.00%	2,500	0.36%
2,000	8	12,000	26	43.33%	14,500	2.08%
3,000	3	7,500	29	48.33%	22,000	3.16%
4,000	3	10,500	32	53.33%	32,500	4.67%
5,000	6	27,000	38	63.33%	59,500	8.55%
6,000	3	16,500	41	68.33%	76,000	10.93%
7,000	3	19,500	44	73.33%	95,500	13.73%
8,000	3	22,500	47	78.33%	118,000	16.96%
9,000	1	8,500	48	80.00%	126,500	18.19%
10,000	2	19,000	50	83.33%	145,500	20.92%
10,001 to 12,000	2	22,000	52	86.67%	167,500	24.08%
12,001 to 14,000		-	52	86.67%	167,500	24.08%
14,001 to 16,000	1	15,000	53	88.33%	182,500	26.24%
16,001 to 18,000		-	53	88.33%	182,500	26.24%
18,001 to 20,000		-	53	88.33%	182,500	26.24%
20,001 to 25,000	1	22,500	54	90.00%	205,000	29.47%
25,001 to 30,000	1	27,500	55	91.67%	232,500	33.42%
30,001 to 35,000	1	32,500	56	93.33%	265,000	38.10%
35,001 to 40,000		-	56	93.33%	265,000	38.10%
40,001 to 50,000	1	45,000	57	95.00%	310,000	44.57%
50,001 to 60,000		-	57	95.00%	310,000	44.57%
60,001 to 70,000	1	65,000	58	96.67%	375,000	53.91%
70,001 to 80,000		-	58	96.67%	375,000	53.91%
80,001 to 90,000	1	85,000	59	98.33%	460,000	66.13%
90,001 to 100,000		-	59	98.33%	460,000	66.13%
235,600	1	235,600	60	100.00%	695,600	100.00%
	60	695,600				

Average Number of Customers 5
Average Consumption 11,593
Median Consumption 3,333

Supporting Schedules:

Recap Schedules:

Explanation:

Schedule(s) showing billing activity by block for each rate schedule.

Required for: All Utilities

Class A

Class B

Class C

Class D

Spec'l Reqmt

X

2 Inch Meter - Commercial

Block	Number of Bills by Block	Consumption By Blocks	Cumulative Bills		Cumulative Consumption	
			No.	% of Total	Amount	% of Total
-		-	-	0.00%	-	0.00%
1,000		-	-	0.00%	-	0.00%
2,000		-	-	0.00%	-	0.00%
3,000		-	-	0.00%	-	0.00%
4,000		-	-	0.00%	-	0.00%
5,000		-	-	0.00%	-	0.00%
6,000		-	-	0.00%	-	0.00%
7,000	1	6,500	1	4.17%	6,500	0.47%
8,000	1	7,500	2	8.33%	14,000	1.01%
9,000	1	8,500	3	12.50%	22,500	1.62%
10,000	2	19,000	5	20.83%	41,500	2.98%
10,001 to 12,000	1	11,000	6	25.00%	52,500	3.77%
12,001 to 14,000		-	6	25.00%	52,500	3.77%
14,001 to 16,000	2	30,000	8	33.33%	82,500	5.93%
16,001 to 18,000	3	51,000	11	45.83%	133,500	9.59%
18,001 to 20,000		-	11	45.83%	133,500	9.59%
20,001 to 25,000	1	22,500	12	50.00%	156,000	11.21%
25,001 to 30,000		-	12	50.00%	156,000	11.21%
30,001 to 35,000		-	12	50.00%	156,000	11.21%
35,001 to 40,000		-	12	50.00%	156,000	11.21%
40,001 to 50,000		-	12	50.00%	156,000	11.21%
50,001 to 60,000	3	165,000	15	62.50%	321,000	23.06%
60,001 to 70,000	1	65,000	16	66.67%	386,000	27.73%
70,001 to 80,000		-	16	66.67%	386,000	27.73%
80,001 to 90,000	1	85,000	17	70.83%	471,000	33.83%
90,001 to 100,000	1	95,000	18	75.00%	566,000	40.66%
122,500	1	122,500	19	79.17%	688,500	49.45%
126,800	1	126,800	20	83.33%	815,300	58.56%
127,100	1	127,100	21	87.50%	942,400	67.69%
130,300	1	130,300	22	91.67%	1,072,700	77.05%
137,400	1	137,400	23	95.83%	1,210,100	86.92%
182,100	1	182,100	24	100.00%	1,392,200	100.00%
	24	1,392,200				

Average Number of Customers 2
Average Consumption 58,008
Median Consumption 50,000

Supporting Schedules:

Recap Schedules:

Clear Springs Utility Company, Inc. - Water Division
Docket No. WS-01689A-11-0402 and W-01689A-11-0401
Test Year Ended December 31, 2010

Rebuttal Schedule H-5W
Title: Bill Count
Page 11 of 11

Explanation:
Schedule(s) showing billing activity by block for each rate schedule.

Required for: All Utilities

Class A

Class B

Class C

Class D

Spec'l Reqmt

X

Standpipe Water Sales

Block	Number of Bills by Block	Consumption By Blocks	Cumulative Bills No.	% of Total	Cumulative Consumption Amount	% of Total
-		-	-	0.00%	-	0.00%
1,000		-	-	0.00%	-	0.00%
2,000	1	1,500	1	6.67%	1,500	0.42%
3,000	3	7,500	4	26.67%	9,000	2.49%
4,000		-	4	26.67%	9,000	2.49%
5,000	1	4,500	5	33.33%	13,500	3.74%
6,000		-	5	33.33%	13,500	3.74%
7,000		-	5	33.33%	13,500	3.74%
8,000		-	5	33.33%	13,500	3.74%
9,000	1	8,500	6	40.00%	22,000	6.09%
10,000		-	6	40.00%	22,000	6.09%
10,001 to 12,000	1	11,000	7	46.67%	33,000	9.14%
12,001 to 14,000	1	13,000	8	53.33%	46,000	12.74%
14,001 to 16,000	1	15,000	9	60.00%	61,000	16.90%
16,001 to 18,000		-	9	60.00%	61,000	16.90%
18,001 to 20,000		-	9	60.00%	61,000	16.90%
20,001 to 25,000	1	22,500	10	66.67%	83,500	23.13%
25,001 to 30,000		-	10	66.67%	83,500	23.13%
30,001 to 35,000		-	10	66.67%	83,500	23.13%
35,001 to 40,000	1	37,500	11	73.33%	121,000	33.52%
40,001 to 50,000	2	90,000	13	86.67%	211,000	58.45%
50,001 to 60,000	1	55,000	14	93.33%	266,000	73.68%
60,001 to 70,000		-	14	93.33%	266,000	73.68%
70,001 to 80,000		-	14	93.33%	266,000	73.68%
80,001 to 90,000		-	14	93.33%	266,000	73.68%
90,001 to 100,000	1	95,000	15	100.00%	361,000	100.00%
	15	361,000				

Average Number of Customers 1
Average Consumption 24,067
Median Consumption 12,500

Supporting Schedules:

Recap Schedules:

Clear Springs Utility Company, Inc. - Sewer Division

Docket No. WS-01689A-11-0402 and W-01689A-11-0401

Test Year Ended December 31, 2010

Rebuttal Schedule H-5S**Title: Bill Count****Page 1 of 3**

Explanation:

Schedule(s) showing billing activity by block for each rate schedule.

Required for: All Utilities

Class A

Class B

Class C

Class D

Specd Reqmt

X

Residential

Block	Number of Bills by Block	Consumption By Blocks	Cumulative Bills		Cumulative Consumption	
			No.	% of Total	Amount	% of Total
-	323	-	323	8.04%	-	0.00%
1,000	555	277,500	878	21.85%	277,500	1.45%
2,000	479	718,500	1,357	33.76%	996,000	5.20%
3,000	549	1,372,500	1,906	47.42%	2,368,500	12.37%
4,000	457	1,599,500	2,363	58.80%	3,968,000	20.73%
5,000	364	1,638,000	2,727	67.85%	5,606,000	29.29%
6,000	269	1,479,500	2,996	74.55%	7,085,500	37.01%
7,000	200	1,300,000	3,196	79.52%	8,385,500	43.81%
8,000	155	1,162,500	3,351	83.38%	9,548,000	49.88%
9,000	136	1,156,000	3,487	86.76%	10,704,000	55.92%
10,000	136	1,292,000	3,623	90.15%	11,996,000	62.67%
10,001 to 12,000	96	1,056,000	3,719	92.54%	13,052,000	68.18%
12,001 to 14,000	54	702,000	3,773	93.88%	13,754,000	71.85%
14,001 to 16,000	51	765,000	3,824	95.15%	14,519,000	75.85%
16,001 to 18,000	59	1,003,000	3,883	96.62%	15,522,000	81.09%
18,001 to 20,000	39	741,000	3,922	97.59%	16,263,000	84.96%
20,001 to 25,000	45	1,012,500	3,967	98.71%	17,275,500	90.25%
25,001 to 30,000	22	605,000	3,989	99.25%	17,880,500	93.41%
30,001 to 35,000	16	520,000	4,005	99.65%	18,400,500	96.12%
35,001 to 40,000	7	262,500	4,012	99.83%	18,663,000	97.50%
40,001 to 50,000	4	180,000	4,016	99.93%	18,843,000	98.44%
50,001 to 60,000	1	55,000	4,017	99.95%	18,898,000	98.72%
60,001 to 70,000	1	65,000	4,018	99.98%	18,963,000	99.06%
70,001 to 80,000	-	-	4,018	99.98%	18,963,000	99.06%
80,001 to 90,000	-	-	4,018	99.98%	18,963,000	99.06%
90,001 to 100,000	-	-	4,018	99.98%	18,963,000	99.06%
179,490	1	179,490	4,019	100.00%	19,142,490	100.00%
	4,019	19,142,490				

Average Number of Customers 335

Average Consumption 4,763

Median Consumption 3,226

Supporting Schedules:

Recap Schedules:

Explanation:

Schedule(s) showing billing activity by block for each rate schedule.

Required for: All Utilities

Class A

Class B

Class C

Class D

Specd Reqmt

X

Residential (ADJUSTED)

Block	Number of Bills by Block	Consumption By Blocks	Cumulative Bills		Cumulative Consumption	
			No.	% of Total	Amount	% of Total
-	323	-	323	8.04%	-	0.00%
1,000	555	277,500	878	21.85%	277,500	1.46%
2,000	479	718,500	1,357	33.76%	996,000	5.25%
3,000	549	1,372,500	1,906	47.42%	2,368,500	12.49%
4,000	457	1,599,500	2,363	58.80%	3,968,000	20.92%
5,000	364	1,638,000	2,727	67.85%	5,606,000	29.55%
6,000	269	1,479,500	2,996	74.55%	7,085,500	37.35%
7,000	200	1,300,000	3,196	79.52%	8,385,500	44.20%
8,000	156	1,170,000	3,352	83.40%	9,555,500	50.37%
9,000	136	1,156,000	3,488	86.79%	10,711,500	56.46%
10,000	136	1,292,000	3,624	90.17%	12,003,500	63.27%
10,001 to 12,000	96	1,056,000	3,720	92.56%	13,059,500	68.84%
12,001 to 14,000	54	702,000	3,774	93.90%	13,761,500	72.54%
14,001 to 16,000	51	765,000	3,825	95.17%	14,526,500	76.57%
16,001 to 18,000	59	1,003,000	3,884	96.64%	15,529,500	81.86%
18,001 to 20,000	39	741,000	3,923	97.61%	16,270,500	85.77%
20,001 to 25,000	45	1,012,500	3,968	98.73%	17,283,000	91.10%
25,001 to 30,000	22	605,000	3,990	99.28%	17,888,000	94.29%
30,001 to 35,000	16	520,000	4,006	99.68%	18,408,000	97.03%
35,001 to 40,000	7	262,500	4,013	99.85%	18,670,500	98.42%
40,001 to 50,000	4	180,000	4,017	99.95%	18,850,500	99.37%
50,001 to 60,000	1	55,000	4,018	99.98%	18,905,500	99.66%
60,001 to 70,000	1	65,000	4,019	100.00%	18,970,500	100.00%
70,001 to 80,000	-	-	4,019	100.00%	18,970,500	100.00%
80,001 to 90,000	-	-	4,019	100.00%	18,970,500	100.00%
90,001 to 100,000	-	-	4,019	100.00%	18,970,500	100.00%
	4,019	18,970,500				

Average Number of Customers	335
Average Consumption	4,720
Median Consumption	3,226

Supporting Schedules:

Recap Schedules:

Clear Springs Utility Company, Inc. - Sewer Division
Docket No. WS-01689A-11-0402 and W-01689A-11-0401
Test Year Ended December 31, 2010

Rebuttal Schedule H-5S

Title: Bill Count

Page 3 of 3

Explanation:

Schedule(s) showing billing activity by block for each rate schedule.

Required for: All Utilities

Class A

Class B

Class C

Class D

Spec'l Reqmt

X

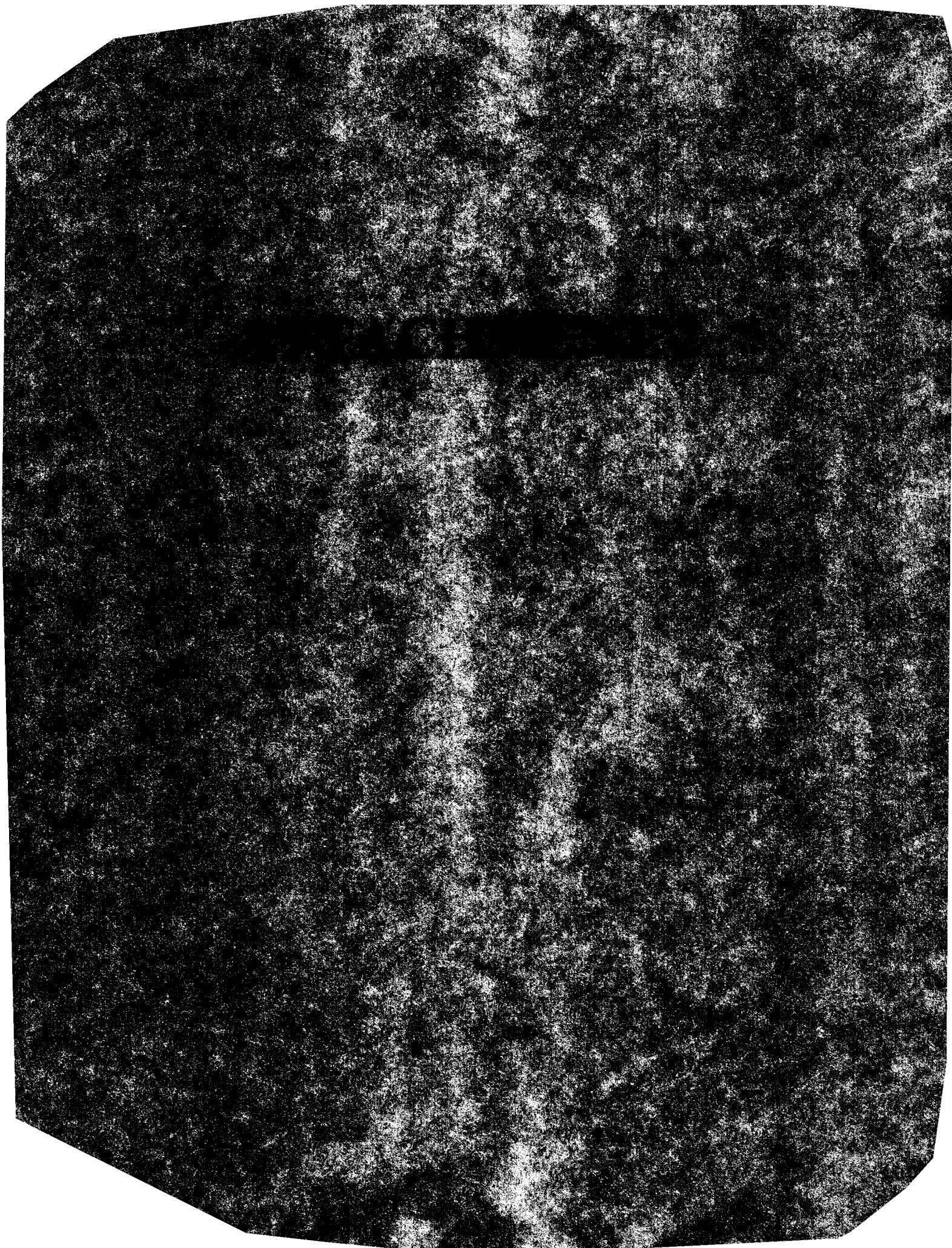
Commercial

Block	Number of Bills by Block	Consumption By Blocks	Cumulative Bills No.	% of Total	Cumulative Consumption Amount	% of Total
-	28	-	28	7.25%	-	0.00%
1,000	75	37,500	103	26.68%	37,500	1.18%
2,000	50	75,000	153	39.64%	112,500	3.53%
3,000	29	72,500	182	47.15%	185,000	5.81%
4,000	30	105,000	212	54.92%	290,000	9.11%
5,000	12	54,000	224	58.03%	344,000	10.81%
6,000	12	66,000	236	61.14%	410,000	12.88%
7,000	26	169,000	262	67.88%	579,000	18.19%
8,000	18	135,000	280	72.54%	714,000	22.43%
9,000	14	119,000	294	76.17%	833,000	26.17%
10,000	13	123,500	307	79.53%	956,500	30.05%
10,001 to 12,000	12	132,000	319	82.64%	1,088,500	34.20%
12,001 to 14,000	11	143,000	330	85.49%	1,231,500	38.69%
14,001 to 16,000	11	165,000	341	88.34%	1,396,500	43.87%
16,001 to 18,000	7	119,000	348	90.16%	1,515,500	47.61%
18,001 to 20,000	6	114,000	354	91.71%	1,629,500	51.19%
20,001 to 25,000	9	202,500	363	94.04%	1,832,000	57.56%
25,001 to 30,000	1	27,500	364	94.30%	1,859,500	58.42%
30,001 to 35,000	4	130,000	368	95.34%	1,989,500	62.51%
35,001 to 40,000	5	187,500	373	96.63%	2,177,000	68.40%
40,001 to 50,000	4	180,000	377	97.67%	2,357,000	74.05%
50,001 to 60,000	1	55,000	378	97.93%	2,412,000	75.78%
60,001 to 70,000	1	65,000	379	98.19%	2,477,000	77.82%
70,001 to 80,000	2	150,000	381	98.70%	2,627,000	82.53%
80,001 to 90,000	1	85,000	382	98.96%	2,712,000	85.20%
90,001 to 100,000	-	-	382	98.96%	2,712,000	85.20%
105,340	1	105,340	383	99.22%	2,817,340	88.51%
115,580	1	115,580	384	99.48%	2,932,920	92.14%
115,790	1	115,790	385	99.74%	3,048,710	95.78%
134,230	1	134,230	386	100.00%	3,182,940	100.00%
	386	3,182,940				

Average Number of Customers 32
Average Consumption 8,246
Median Consumption 3,367

Supporting Schedules:

Recap Schedules:



1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2
3 **COMMISSIONERS**

4 GARY PIERCE, CHAIRMAN
5 PAUL NEWMAN
6 SANDRA D. KENNEDY
7 BOB STUMP
8 BRENDA BURNS

9
10 **IN THE MATTER OF THE**
11 **APPLICATION OF CLEAR SPRINGS**
12 **UTILITY CO., INC., FOR AN**
13 **INCREASE IN RATES**

14 **and**

15 **IN THE MATTER OF THE**
16 **APPLICATION OF CLEAR SPRINGS**
17 **UTILITY CO., INC., FOR AUTHORITY**
18 **TO INCUR LONG-TERM DEBT**

Docket Nos. W-01689A-11-0401
W-01689A-11-0402

TESTIMONY OF
BONNIE O'CONNOR

19 **Q Please state your name and current employment position:**

20 **A** Bonnie O'Connor, President, Southwestern Utility Management, Inc.

21 **Q Describe your educational and professional background:**

22 **A** I am currently the President of Southwestern Utility Management, Inc.

23 ("Southwestern"). I have worked in an administrative and management capacity for
24
25 more than 50 Arizona utilities for approximately 30 years.
26
27
28

1 **Q. Do you agree with Staff's recommendation that the Company submit a**
2 **detailed water loss reduction plan with Docket Control before any rate increase**
3 **recommended in this matter becomes effective?**

4
5 A. No. The Company needs new rates to be able to provide safe and reliable water
6 service to its customers. The Company does not oppose filing a water loss reduction
7 plan. However, the Company's need for new rates should not be tied to filing a water
8 loss reduction plan. Further, this recommendation implies that Staff decides if the plan
9 would be sufficient. Thus, the Commission would be delegating to Staff the power to
10 decide if and when the Company should get its new rates.
11
12

13 **Q. Do you agree with Staff's recommendation that Staff shall determine that any**
14 **future rate case filed by the Company shall be insufficient if the Company does not**
15 **file water loss report as recommended by Staff?**
16

17 A. No. Whether or not a rate case application is sufficient or not depends upon filing
18 the proper information required on the application. There is no rule that allows Staff to
19 withhold rates or a rate application based upon the filing of water reports.
20

21 **Q. Do you agree with Staff's recommendation that the Company has to install**
22 **water storage tanks in System of PWS #02-048 and System of PWS #02-050 before**
23 **any rate increase recommended in this matter becomes effective?**
24

25 A. No. The Company has no money to purchase and install water tanks at this time.
26 In fact, the Company had to borrow money from Southwestern to make a recent pump
27 repair. The Company has shown that it needs additional revenue to continue to provide
28 safe and reliable water service to the customers. If this recommendation is adopted, then

1 the Company will be in serious financial harm. This is a drastic position to take knowing
2 that the Company is requesting financing to make improvements to the system.

3
4 Accordingly, the recommendation should be that the Commission order the Company to
5 install water storage tanks within 18 months or be subject to a penalty.

6 **Q. Do you agree with Staff's recommendation that the Company file five BMPs**
7 **in the form of tariffs that substantially conform to the templates created by Staff?**

8
9 A. No. Based upon past Commission decisions, the Company believes three are
10 appropriate.

11
12 **Q. Do you agree that the revenue needed to meet the Company's current debt**
13 **service obligations should be changed from rates to a surcharge?**

14 A. No. When calculating the debt surcharge, Staff ignores the debt reserve
15 requirement. This means that the Company has to pay this 5% of the loan amount out of
16 its cash flow, which is already low. Once they realize that taking out the loan will put
17 their company in financial peril, they decide not to take out the loan or only take out
18 enough to make the repairs that are absolutely necessary. This is why we routinely
19 oppose Staff's position. Here, if the Company owner decides not to take the loan, then
20 the ability to meet the current debt service will no longer exist.
21
22
23
24
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26
27
28



1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2

3 **COMMISSIONERS**

4

5 GARY PIERCE, CHAIRMAN

6 PAUL NEWMAN

7 SANDRA D. KENNEDY

8 BOB STUMP

9 BRENDA BURNS

10 **IN THE MATTER OF THE**

11 **APPLICATION OF CLEAR SPRINGS**

12 **UTILITY CO., INC., FOR AN**

13 **INCREASE IN RATES**

14 **and**

15 **IN THE MATTER OF THE**

16 **APPLICATION OF CLEAR SPRINGS**

17 **UTILITY CO., INC., FOR AUTHORITY**

18 **TO INCUR LONG-TERM DEBT**

Docket Nos. W-01689A-11-0401
W-01689A-11-0402

**REBUTTAL TESTIMONY OF
KEITH DOJAQUEZ**

19 **Q Please state your name and current employment position:**

20 **A My name is Keith Dojaquez, and I am Vice-President, General Operations**

21 **Manager of Southwestern Utility Management, Inc. ("Southwestern").**

22 **Q Describe your educational and professional background:**

23 **A I am a certified operator for both water distribution and water treatment. I am also**

24 **a certified utility manager through the National Rural Water Association. I was**

25 **employed by Engineering and Environmental Consultants in Tucson, Arizona for three**

26 **years. I have been employed with Southwestern for three years managing system**

27 **operations for approximately 30 water companies.**

28

1 **Q Describe your role with Clear Springs?**

2 **A** Southwestern manages Clear Springs. I manage system operations and
3
4 compliance with ADEQ primarily.

5 **Q. Do you agree with Staff's water testing estimates and how Staff calculated**
6 **water testing costs?**

7
8 **A.** I believe Staff should use the real costs verified by invoices to calculate testing
9 costs. I disagree with Staff's cost estimates regarding bacteriological, radiochemical, and
10 nitrite tests. Bacteriological tests costs at least \$25.00 per sample, not \$10.00 as Staff
11 estimates. Radiochemical tests cost \$430, as opposed to \$60. Nitrate tests costs \$35, not
12 \$25.
13

14 **Q. Do you agree with Staff's recommendation that the rate increase not become**
15 **effective until the Company submits a water loss reduction plan.**
16

17 **A.** No.

18 **Q. Do you agree with Staff's recommendation that the Company repair the leaks**
19 **that Staff observed during its field inspection immediately and file documents**
20 **showing that it has complied within 15 days of the effective date of the commission's**
21 **order in this matter.**
22

23 **A.** No. These leaks have already been repaired and the Company has already notified
24 Staff that the leaks have been repaired. So this recommendation is not necessary.
25

26 **Q. In its report, Staff recommends the following: "[T]he Company monitor the**
27 **water system closely and take action to ensure the water loss is 10 percent or less by**
28 **December 2014. If the water loss continues to exceed 10 percent, calculated on an**

1 annual basis, the Company shall, within 270 days of a decision in this case, file a
2 detailed plan to reduce water loss to 10 percent or less, or prepare a report
3 containing a detailed analysis and explanation demonstrating why a water loss
4 reduction to 10 percent or less is not feasible or cost effective. Staff further
5 recommends that the Company be required to file water loss progress reports
6 semiannually with Docket Control, as a compliance item in this docket. Staff
7 further recommends that the first water loss progress report be filed by June 30,
8 2013. Staff shall determine that any future rate case filed by the Company shall be
9 insufficient if these items are not properly submitted.” Do you agree with this
10 recommendation?
11
12
13

14 A. No. First, we do monitor the system closely. However, it is old and it leaks.
15 Achieving 10% water loss would require the Company re replace its distribution system
16 and all of its meters. Further, I am not aware of any rule or guidance explaining what
17 Staff means by a “detailed plan.”
18

19 Q. Do you agree with Staff’s recommendation that the Company conduct water
20 testing for PWS no. 02-048 and PWS no. 02-050?
21

22 A. The Company does not oppose testing the non-community water systems so long
23 as the testing costs are recoverable. Previously, Staff has taken the position that the
24 Company can recover only those water testing costs that are required by ADEQ, and
25 ADEQ does not require the tests now sought by Staff. However, we do not believe the
26 recommendation that the Company file affidavits on a quarterly basis is reasonable. This
27 is administratively burdensome. The Company will keep the testing results in its normal
28

course of business and these records will be available for Staff inspection.

Q. Do you agree with Staff's position that the Well no. 16 plant is not used and useful?

A. No. Well No. 16 is needed for redundancy and the Company is almost done with the much-needed repairs and improvements. The Company has repaired and replaced the well pump, pressure tank, and ancillary equipment. With no additional financing available, the Company has had some delays in reconnecting the well to the distribution system. The Company estimates that it will cost approximately \$5,000 to finalize the connection.

Q. Do you agree with Staff's recommendation that Clear Springs increase storage at PWS no. 02-048 and PWS no. 02-050?

A. No. The Company has no money to purchase and install water tanks at this time. Further, there are only six customers receiving water from each of these systems. Water supply interruptions are usually due to either a line breaks or power outages. In either case, additional water storage will not help mitigate the problem.